

**MONTEBELLO OVERSIGHT BOARD
AGENDA STAFF REPORT**

TO: Honorable Chair and Members of the Oversight Board

FROM: Francesca Tucker-Schuyler, Executive Director / City Manager

BY: Ben Kim, Community Development Director
Christopher Cardinale, Successor Agency Counsel

SUBJECT: Sale of Successor Agency Property – 121 S. 6th Street

DATE: June 15, 2016

RECOMMENDATION:

The Successor Agency recommends that the Oversight Board adopt a Resolution approving sale of the property located at 121 S. 6th Street to Ku & Associates, Inc., for \$106,000.

SUMMARY

The Oversight Board will consider approving the sale of Successor Agency-owned property located at 121 S. 6th Street (the “SA Property”) to Ku & Associates, Inc. (the “Developer”) for \$106,000. The City of Montebello (“City”) and Successor Agency have approved a Purchase, Sale and Development Agreement with the Developer which contemplates aggregation of the SA Property with adjacent properties owned by the City and Developer. The transaction will facilitate construction of a large mixed-use project along Whittier Blvd., and generate significant new revenues to the City and area taxing entities.

BACKGROUND:

A. The Long Range Property Management Plan and Sale of Real Property Assets

Upon dissolution of the former Community Redevelopment Agency of the City of Montebello (“Former Agency”), its real property assets were transferred to the control of the Successor Agency. Following receipt of a “finding of completion” (“FOC”), the Successor Agency was required to prepare a “Long Range Property Management Plan” (“LRPMP”) governing the use and disposition of such assets. Once approved by the

Oversight Board and California Department of Finance (“Finance”), the LRPMP controls the manner of sale and disposition of the properties included in the LRPMP.

The sale of property pursuant to a LRPMP must be approved by resolution of the Oversight Board, and such actions are not reviewed by Finance. (H&S Code §§ 34179(h)(1)(E), 34191.5(f).)

The Oversight Board approved the Successor Agency’s LRMPM on May 6, 2015. Finance issued the Successor Agency a FOC on December 16, 2015, and approved the Successor Agency’s LRPMP on December 17, 2015.

B. Property Number 5 in the LRPMP – 121 S. 6th Street

Property Number 5 listed in the Successor Agency’s LRMPM is located at 121 S. 6th Street (the “SA Property”), and situated on the western side of 6th Street approximately 203 feet south of Whittier Blvd. The SA Property was acquired by the Former Agency in November 2008, with the intention of selling it as part of a mixed use development along Whittier Blvd. Indeed the City and Former Agency worked for years to facilitate an anchor project to revitalize Whittier Blvd., and to that end the City acquired several properties located directly east of the SA Property along South 6th Street; namely 112, 114-116, 124, and 132 S. 6th Street (the “City Properties”).

At the time of acquisition, the SA Property was improved with a dilapidated single family home which has since been demolished. The SA Property is current vacant and unimproved, and surrounded by a chain link fence. It is rectangular in shape, consists of 6,050 square feet, and is zoned C-2 (General Commercial).

The LRPMP indicates the SA Property is to be sold to a developer for development consistent with the Former Agency’s planning objectives, and estimated its value at \$135,000.

C. The Whittier Blvd. Project

On February 10, 2016, the City and Successor Agency approved a Purchase, Sale and Development Agreement (the “Agreement”) with Ku & Associates, Inc. (the “Developer”). The Agreement contemplates the sale of the SA Property and the City Properties to the Developer, the assemblage of these properties with those currently owned by the Developer located along Whittier Blvd., and the construction of a large mixed-use retail, hotel, and restaurant development.

The Agreement provides for a cumulative sale price of the SA Property and City Properties of \$980,000. Escrow on the transaction has opened, and the parties are currently performing various pre-closing conditions.

As of the date this report was prepared, the project entitlements were scheduled for considered by the City Council on June 8, 2016. Approval of the entitlements would

allow construction of a six (6) story structure that includes a 130 room hotel, 45 residential condominiums, and approximately 8,500 square feet of retail and commercial space, with surface and subterranean parking.

If approved, the project would bring significant sales, property, and transient occupancy tax revenues to the City and neighboring taxing entities. Because the SA and City Properties are owned by governing entities, they currently generate no property tax revenues. However this project would greatly increase the properties' assessed valuation and generate new property tax dollars for area taxing entities.

DISCUSSION

The Successor Agency seeks Oversight Board approval to sell the SA Property to the Developer in accordance with the Agreement and the LRPMP. The Oversight Board's approval of the transaction is a condition precedent to closing escrow, and is required by the Redevelopment Dissolution Law.

Because the Agreement provides a "lump purchase price" of \$980,000 for both the SA Property and the City Properties, it is necessary for the Oversight Board to assign a specific valuation to the SA Property so appropriate sale proceeds may be allocated to applicable taxing entities.

As noted above the LRPMP estimated the value of the SA Property at \$135,000; however no appraisals were completed to substantiate this estimate. A recent appraisal dated April 20, 2016, valued the SA Property at \$106,000 (the "2016 Appraisal"). Additionally, a previous appraisal was completed as of April 30, 2015, which valued the SA Property and the City Properties in the aggregate (the "2015 Appraisal"). The 2015 Appraisal estimated the value of the SA Property as \$150,000.

The difference in appraised values reflected in the 2015 Appraisal and the 2016 Appraisal stems from a variety of factors; most notably the differing comparative sales utilized. The 2016 Appraisal utilized sale "comps" which all closed in August 2015 or later, and thus were not available when the 2015 Appraisal was completed. In contrast, the 2015 Appraisal utilized sales which all closed in 2014 or early 2015, and thus are more than a year old.

With this in mind, the Successor Agency respectfully submits that the 2016 Appraisal more accurately reflects the SA Property's current value in light of existing market conditions, and requests the Oversight Board approve a sale price of \$106,000. Upon the closing of the transaction, these monies will be remitted to the Los Angeles County Auditor-Controller for allocation to area taxing entities.

PUBLIC NOTICE

Health & Safety Code Section 34181(a)(1) states that Oversight Board's approval of property sales must occur at a public meeting after at least ten (10) days' public notice.

The Dissolution Law is unclear whether this notice requirement applies to Oversight Board actions implementing an approved LRPMP. However despite this ambiguity and out of an abundance of caution, the Successor Agency provided ten (10) days' public notice of this meeting.

FISCAL IMPACT

Approval of the proposed sale will generate \$106,000 in immediate revenues to affected taxing entities, and significant new property tax revenues following completion of the proposed project.

ATTACHMENTS:

- A. Proposed Oversight Board Resolution Approving the Sale of the Property Located at 121 S. 6th Street
- B. Successor Agency's Long Range Property Management Plan
- C. Finance Letter Approving the Long Range Property Management Plan
- D. Finance Letter Issuing "Finding of Completion" to the Successor Agency
- E. Public Notice of Oversight Board Meeting Concerning the Sale
- F. Purchase, Sale and Development Agreement with Ku & Associates
- G. Appraisal dated April 20, 2016
- H. Appraisal dated April 30, 2015

OB RESOLUTION NO. _____

**A RESOLUTION OF THE MONTEBELLO OVERSIGHT BOARD APPROVING THE
SALE OF PROPERTY LOCATED AT 121 SOUTH 6TH STREET IN ACCORDANCE
WITH THE MONTEBELLO SUCCESSOR AGENCY'S LONG RANGE PROPERTY
MANAGEMENT PLAN**

WHEREAS, the former Community Redevelopment Agency of the City of Montebello ("Agency") was a community redevelopment agency organized and existing under the California Redevelopment Law;

WHEREAS, the Agency was dissolved effective February 1, 2012, by way of Assembly Bill 1x26 (as subsequently amended from time to time, the "Dissolution Act") and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231;

WHEREAS, the Dissolution Act created a "successor agency" for each dissolved redevelopment agency, and charged such agencies with completing various tasks and obligations geared towards "winding down" the affairs of their respective redevelopment agency;

WHEREAS, the Dissolution Act created an "oversight board" for each successor agency, and charged such boards with overseeing, reviewing, and approving enumerated successor agency actions;

WHEREAS, upon dissolution of the Agency, all real property assets of the former Agency were transferred to the Successor Agency for management and disposition in accordance with the Dissolution Act;

WHEREAS, the Successor Agency is required to prepare a Long Range Property Management Plan ("LRPMP") to address the disposition and use of all real property assets of the former Agency, and to submit an Oversight Board-approved LRPMP to the Department of Finance ("Finance") within six (6) months of receiving a "finding of completion" ("FOC") (Health & Safety Code § 34191.4.);

WHEREAS, on November 12, 2014, the Oversight Board approved and adopted an initial LRPMP for the Successor Agency in anticipation of its receipt of a FOC;

WHEREAS, on May 6, 2015, the Oversight Board approved a revision to the LRPMP (the "Plan");

WHEREAS, Finance issued the Successor Agency a FOC on December 16, 2015, and approved the Successor Agency's Plan on December 17, 2015;

WHEREAS, the Dissolution Act requires the Oversight Board to approve actions taken by the Successor Agency to implement the Finance-Approved Plan, and such Oversight Board actions are not subject to further review or approval by Finance (Health & Safety Code §§ 34181(a); 34191.5(f));

WHEREAS, Property Number 5 listed in the Plan is located at 121 South 6th Street, Assessor's Parcel Number 6349-006-900 (the "Property"), and the Plan directs that the Property be sold to a developer for development consistent with the former Agency's planning objectives for a sale price consistent with the estimate of current value;

WHEREAS, on February 10, 2016, the City of Montebello ("City") and Successor Agency entered into a Purchase, Sale, and Development Agreement (the "Agreement") with Ku & Associates, Inc. (the "Developer"), which contemplates the sale of the Property, and other proximately located parcels owned by the City, to Developer, the assemblage of such properties with adjacent parcels owned by Developer, and the construction of a mixed use hotel, condominium, and retail / commercial project on the cumulative site (the "Project")

WHEREAS, the Successor Agency has obtained an appraisal of the Property (the “Appraisal”), which estimates its fair market value as of April 20, 2016, at One Hundred and Six Thousand Dollars (\$106,000);

WHEREAS, the Successor Agency has applied for the Oversight Board’s approval of the Property sale to the Developer, and the Oversight Board has duly considered the Successor Agency’s request, the Plan, the Agreement, and the Appraisal; and

WHEREAS, based upon such materials, the Oversight Board finds that the sale of the Property to the Developer for the appraised value is consistent with the Plan, and the completion of the Project will further the interests of the area taxing entities, as proceeds of the sale will be allocated to taxing entities, and the Property and the Project will generate new property and sales tax revenues to area agencies.

NOW THEREFORE, THE MONTEBELLO OVERSIGHT BOARD HEREBY FINDS, DECLARES AND RESOLVES AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct and incorporated into this Resolution by this reference, and constitute a material part hereof.

SECTION 2. The Oversight Board hereby approves sale of the Property to the Developer pursuant to the Agreement, in the amount of One Hundred and Six Thousand Dollars (\$106,000).

SECTION 3. The Oversight Board authorizes and directs Successor Agency staff to take such further action(s) as required to finalize the sale transaction, including remittance of the sale proceeds to the Los Angeles County Auditor-Controller for allocation to area taxing entities.

SECTION 4. The Secretary shall certify to the passage and adoption of this resolution, which shall become effective immediately upon adoption.

PASSED, APPROVED and ADOPTED this 15th day of June, 2016.

Richard Bruckner,
Oversight Board Chair

ATTEST:

Oversight Board Secretary

I, ~~Guvxcp~~ "Rcf lmr." J GTGD["EGTVK[that the foregoing Resolution was duly adopted by the Montebello Oversight Board at its meeting held on the 15th day of June 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Oversight Board Secretary

REVISED LONG-RANGE PROPERTY MANAGEMENT PLAN

CITY OF MONTEBELLO SUCCESSOR AGENCY



Original LRPMP Prepared By:



KOSMONT REALTY CORPORATION
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Manhattan Beach, CA 90266
Telephone: (213) 417-3300
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MAY 6, 2015

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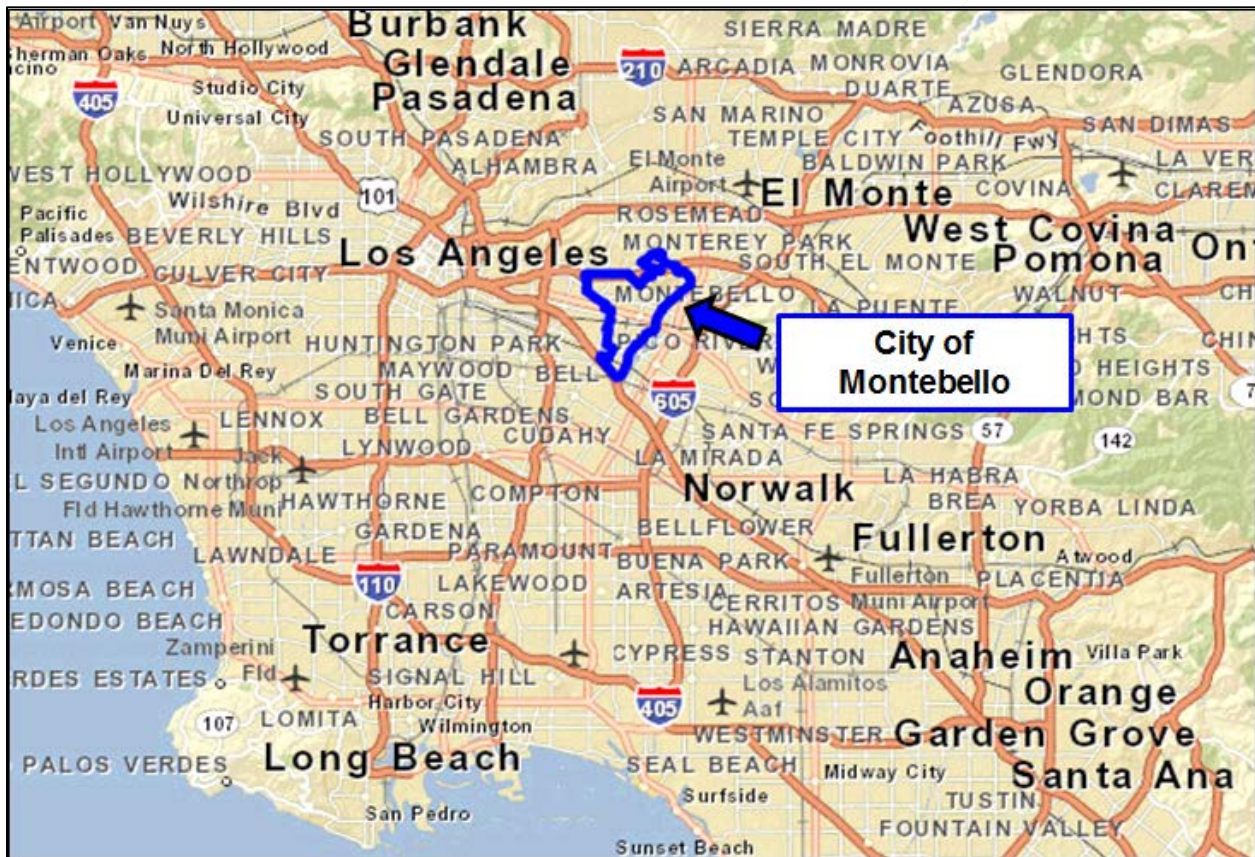
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1.0 Introduction

1.1 Background & Purpose

Health and Safety Code Section 34191.5, added by AB 1484 (signed into law on June 27, 2012), requires each Successor Agency (“SA”) to prepare and approve a Long-Range Property Management Plan (“LRPMP”) that addresses the disposition and use of the real properties of the former redevelopment agency. Properties held by a successor agency cannot be disposed of until the State Department of Finance (“DOF”) has approved the LRPMP. This document is the LRPMP for the SA to the former City of Montebello Redevelopment Agency (“RDA”).

Exhibit 1.1: City Location Map



1.2 Successor Agency Property Summary

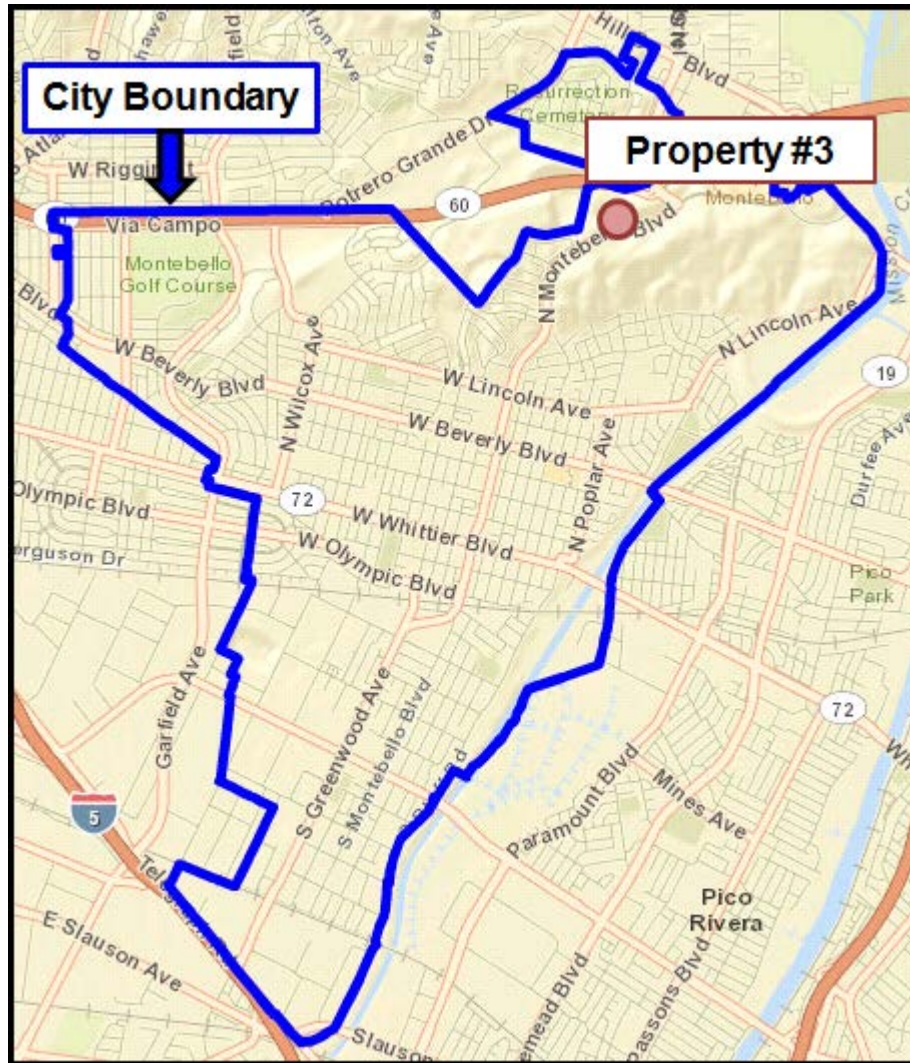
The SA / former RDA owns five (5) distinct properties (comprised of 11 parcels) in the City of Montebello. Of these properties, two (2) properties (comprised of 8 parcels) are designated for use for fulfillment of enforceable obligations. Three (3) properties (comprised of 7 parcels) are designated for liquidation, with sale proceeds to be distributed to local taxing entities based on the presiding property tax apportionment schedule.

Table 1.2: Successor Agency Property Summary

#	Address / Description	APN	Disposition Strategy			
			Gov't	Future Dev.	Liquid.	Enf. Oblig.
1	1345 North Montebello Blvd. (Costco)	5293-001-022 5293-001-023 5293-001-903 5293-001-904				X
2	701-705 West Whittier Boulevard (Restaurant Site)	6349-007-917			X	
3	Union Street / Chapin Road	6354-030-901			X	
4	310 West Whittier Boulevard (Chevrolet of Montebello)	6346-022-900 6346-022-901 6346-023-900 6346-023-901				X
5	121 South 6th Street	6349-006-900			X	

2.0 Long-Range Property Management Plan (PMP)

Property #1: 1345 North Montebello Boulevard (Costco)



Parcel Data – Property #1

Address	1345 North Montebello Boulevard
APN	5293-001-022 / 5293-001-023 / 5293-001-903 / 5293-001-904
Lot Size	16.85 acres
Use	137,688 square foot Costco Retail Warehouse
Zoning	C-2-PD (General Commercial - Planned Development)
Current Title	City of Montebello Successor Agency



Acquisition & Valuation Information – Property #1

Purchase Date	1989
Purchase Price	Not available
Funding Source	Tax Increment
Purpose	Acquired for the purpose commercial retail development and requisite parking
Estimate of Current Value	\$7.1 million
Method of Valuation	Ground lease income capitalization

Revenues Generated by Property & Contractual Requirements – Property #1

Ground Lease Agreement with Costco Wholesale Corporation	<p>Ground lease revenue of approximately \$423,000 annually, comprised of original rent of \$211,000 plus supplemental rent of \$212,000 based on annual sales of over \$100,000,000 per Lease Agreement dated 1/28/93.</p> <p>On 9/4/12, Costco exercised its third of four options to extend the Lease term for an additional five (5) year period commencing 5/1/13 and ending on 4/30/18. There is one remaining five (5) year option in the Lease that if exercised would expire on 4/30/23. Costco has an option to purchase the Land (“Purchase Option”) at any time during the Lease.</p>
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History of Environmental Contamination or Remediation Efforts – Property #1

None	<p>Methane gas mitigation system (CSC monitors) in place as passive remediation system. No other notable known history of environmental contamination, designation as Brownfield site, or remediation.</p>
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Transit-Oriented Development & Agency Planning Objectives – Property #1

Potential for TOD	<p>Not applicable</p>
Agency Planning Objectives	<p>Future continued development on the existing property is consistent with redevelopment activities explicitly outlined the adopted 2010-2014 Five-Year Implementation Plan, including the construction of a Costco Gas Station component on the property (page 18 of 37 of approved Implementation Plan).</p> <p>Furthermore, development of the Gas Station component on the property meets a number of the Agency’s goals and objectives from the adopted 2010-2014 Five-Year Implementation Plan, including Agency Universal Objective #1 (revitalize specific blighted areas within the City through public and private efforts in order to reshape and encourage private investments that will lead to expanding local business activity, increasing local revenues, increase jobs and housing for low- and moderate-income households) and Agency General Objective #10 (encouragement of private commercial/industrial rehabilitation, development, and capital investment).</p> <p>It should be noted that City involvement in the development of the Gas Station component is essential for reasons of financial feasibility, per analysis performed by City in close collaboration with Costco Wholesale Corporation.</p>

History of Development Proposals / Activities – Property #1

History

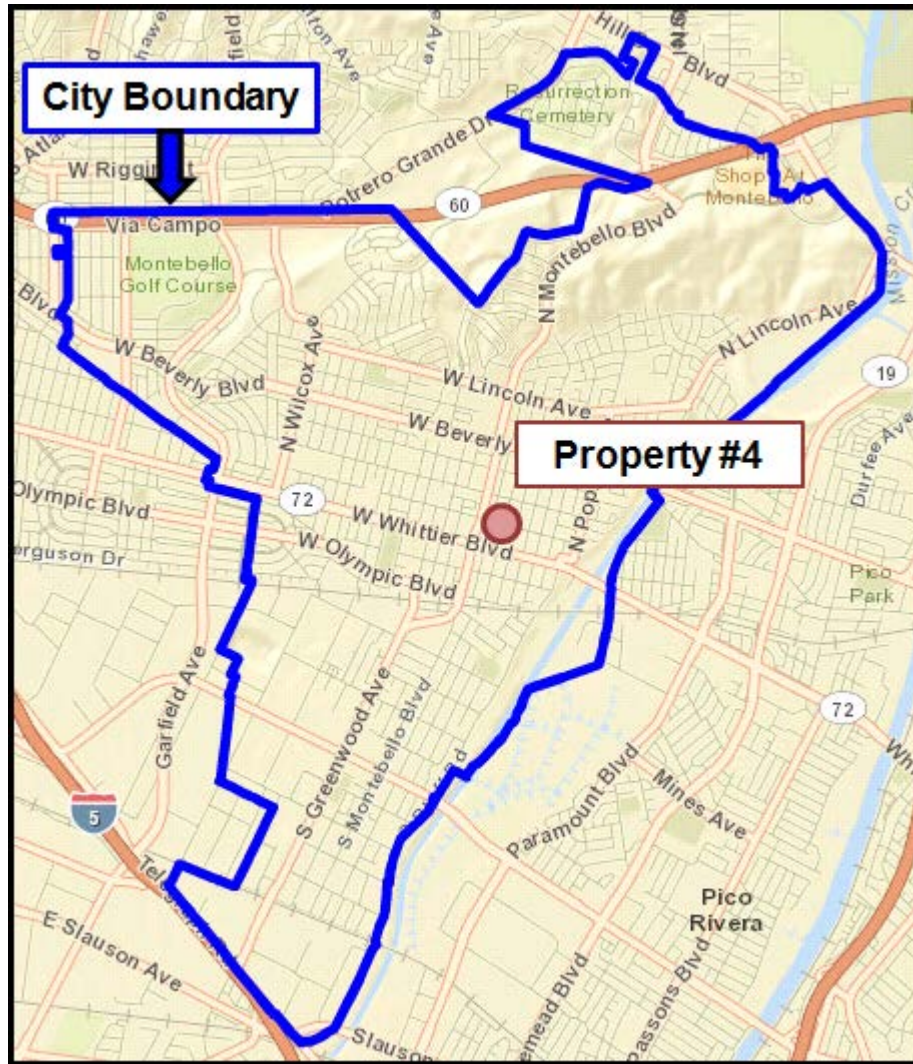
Costco developed site from 1993 to 1995, constructing a 137,688 warehouse store and requisite adjacent parking. City and Costco Wholesale Corporation have collectively undergone extensive engineering and feasibility analysis for the construction of a gas station component on the property. Negotiation and public-private transaction structuring (terms confidential) have been temporarily suspended by redevelopment dissolution, pending Department of Finance approval of a PMP addressing future use and development of the property, and assurance that Costco's present contractual interest and long-term investment efforts in the property will be recognized.

Recommendation for Disposition – Property #1

Use of the Property for Fulfillment of Enforceable Obligations

The property is recommended for use by the SA for fulfillment of an enforceable obligation as outlined in the lease agreement with Costco Wholesale Corporation dated 1/28/93 (terms include lease extension options through 4/30/23 and Purchase Option by Costco). Use of this property to fulfill the existing Costco lease agreement (inclusive of Costco's right to extend the lease and option to purchase), and future development of the property with a Gas Station component, is consistent with existing contracts burdening the property and the approved redevelopment plans noted above. To the extent that the City or SA must incur costs in order to facilitate the eventual sale of the property to the appropriate buyer consistent with approved redevelopment plans, such costs will be deducted from sale proceeds prior to distribution to taxing entities and placed on the ROPS for the appropriate time period for reimbursement as a cost of disposition (evaluated outside of the administrative cost allowance) as appropriate.

Property #2: 701-705 West Whittier Boulevard



Parcel Data – Property #2

Address	701-705 West Whittier Boulevard
APN	6349-007-917
Lot Size	9,750 square feet
Use	Vacant Restaurant Building (approx.. 4,000 square feet)
Zoning	C-2 (General Commercial); Economic development General Plan designation
Current Title	City of Montebello Successor Agency



Acquisition & Valuation Information – Property #2

Purchase Date	12/24/2008
Purchase Price	\$895,000
Funding Source	Tax Increment
Purpose	Restaurant retail development
Estimate of Current Value	\$615,000
Method of Valuation	Comparable sales evaluation

KOSMONT REALTY CORPORATION

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Revenues Generated by Property & Contractual Requirements – Property #2

None

There are currently no revenues generated by this property, and there are no contractual requirements related to this property.

History of Environmental Contamination or Remediation Efforts – Property #2

None

Former gas station site. Phase 1 Environmental Impact Report performed. Possibility of underground tanks, however no indications of contamination were discovered.

Transit-Oriented Development & Agency Planning Objectives – Property #2

Potential for TOD

Not applicable

Future continued development on the existing property is consistent with redevelopment activities explicitly outlined the adopted 2010-2014 Five-Year Implementation Plan, including the development of a mixed-use project with ground-level restaurant retail on the property (pages 10, 14, 15, 17, and 18 of 37 of approved Implementation Plan).

Agency Planning Objectives

Furthermore, commercial development on the property meets a number of the Agency's goals and objectives from the adopted 2010-2014 Five-Year Implementation Plan, including Agency Universal Objective #1 (revitalize specific blighted areas within the City through public and private efforts in order to reshape and encourage private investments that will lead to expanding local business activity, increasing local revenues, increase jobs and housing for low- and moderate-income households), Agency General Objective #9 (encouragement of highest and best use of available land consistent with the General Plan), Agency General Objective #10 (encouragement of private commercial/industrial rehabilitation, development, and capital investment), and Agency General Objective #11 (Development of vacant or under-utilized industrial land).

History of Development Proposals / Activities – Property #2

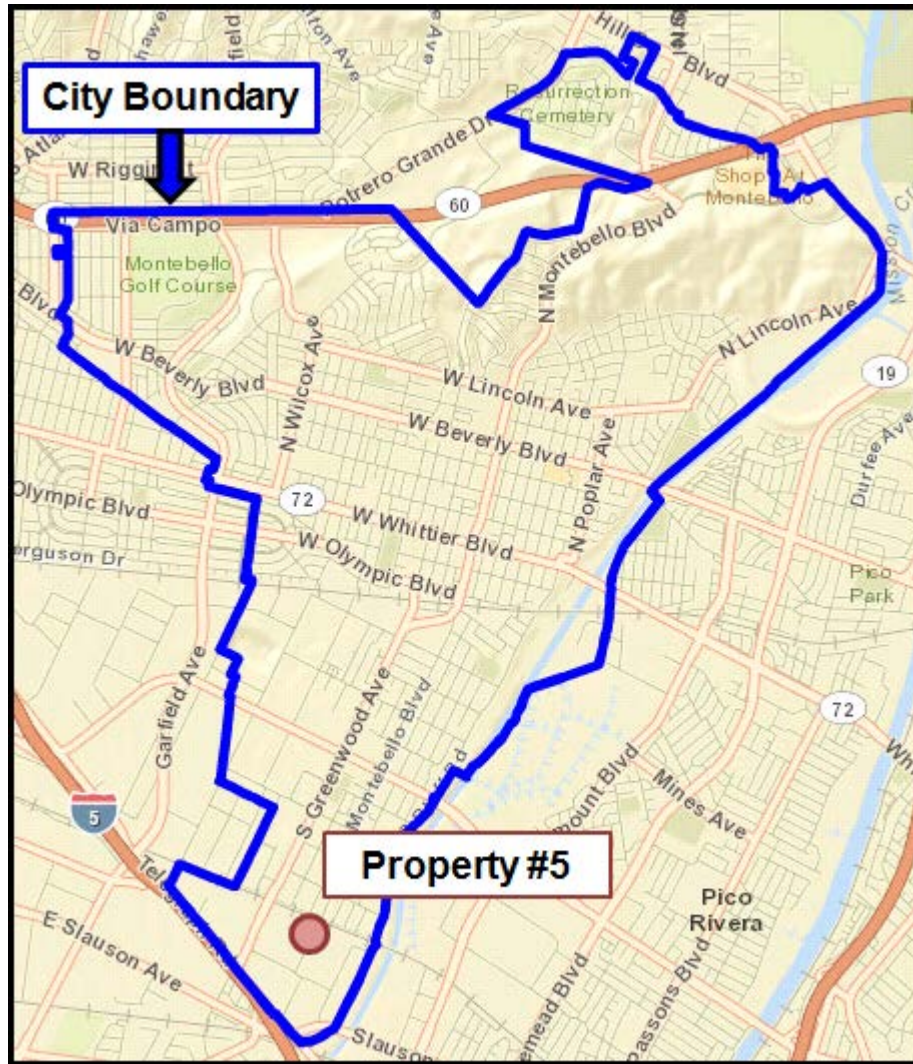
History

The City has received preliminary interest from potential restaurant retailers, however retail attraction activities were halted by redevelopment dissolution. There has been no notable development proposal activity or other activity in connection with this property since Agency acquisition.

Recommendation for Disposition – Property #2

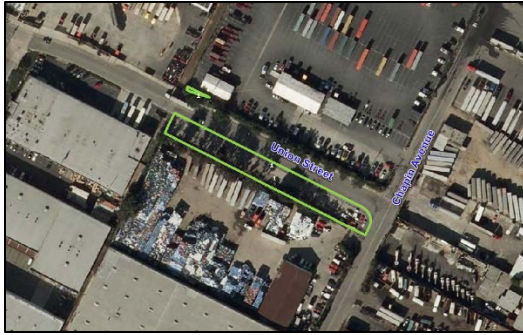
Liquidation	Property is recommended for disposition to developer or end-user for development consistent with Agency planning objectives for a sale price consistent with estimate of current value. Revenue generated from the sale of this property is proposed to be distributed to local taxing agencies based on the presiding property tax apportionment schedule pursuant to AB 1484. Exact disposition methodology is to be determined, however auction and broker-facilitated sale are current being contemplated.
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Property #3: Union Street / Chapin Road



Parcel Data – Property #3

Address	Union Street / Chapin Road
APN	6354-030-901
Lot Size	18,760 square feet
Use	Vacant Lot
Zoning	M-2 (Heavy Industrial); General Plan Transportation Easement designation
Current Title	City of Montebello Successor Agency



Acquisition & Valuation Information – Property #3

Purchase Date	4/22/1975
Purchase Price	Not available
Funding Source	Tax Increment
Purpose	Support of adjacent industrial warehouse development
Estimate of Current Value	\$0
Method of Valuation	Non-revenue-generating remnant parcel

Revenues Generated by Property & Contractual Requirements – Property #3

None	There are currently no revenues generated by this property, and there are no contractual requirements related to this property.
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History of Environmental Contamination or Remediation Efforts – Property #3

Brownfield Site	Brownfield site designation
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Transit-Oriented Development & Agency Planning Objectives – Property #3

Potential for TOD	Not applicable Future contamination cleanup on existing property is consistent with redevelopment activities explicitly outlined the adopted 2010-2014 Five-Year Implementation Plan, including the pursuit of additional United States Department of Commerce and Economic Development Administration (“US-EPA”) Grants to implement cleanup (page 14 of 37 of approved Implementation Plan).
Agency Planning Objectives	Furthermore, environmental cleanup on the property meets a number of the Agency’s goals and objectives from the adopted 2010-2014 Five-Year Implementation Plan, including Agency Universal Objective #1 (revitalize specific blighted areas within the City through public and private efforts in order to reshape and encourage private investments that will lead to expanding local business activity, increasing local revenues, increase jobs and housing for low- and moderate-income households) and Agency General Objective #10 (encouragement of private commercial/industrial rehabilitation, development, and capital investment).

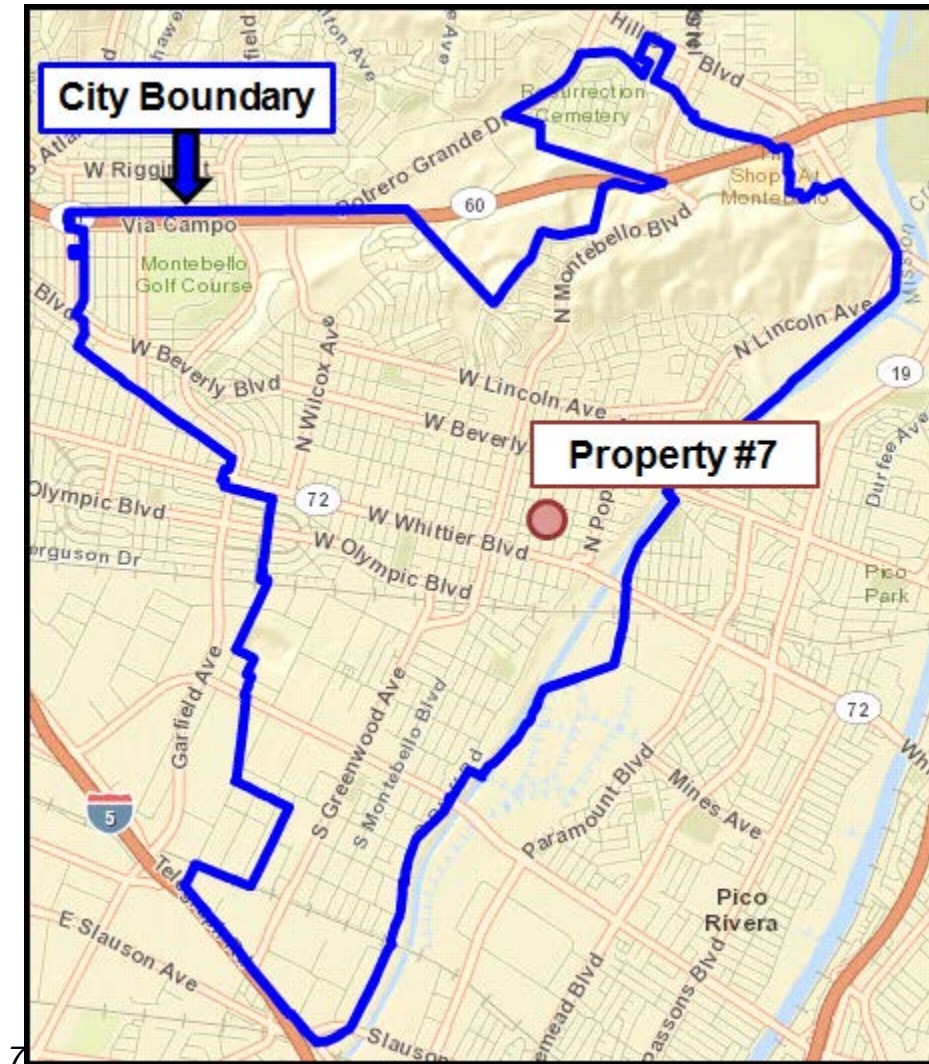
History of Development Proposals / Activities – Property #3

History	There has been no notable development proposal activity or other activity in connection with this property since Agency acquisition.
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Recommendation for Disposition – Property #3

Liquidation	Property is recommended for disposition to developer or end-user for development consistent with Agency planning objectives for a sale price consistent with estimate of current value. Revenue generated from the sale of this property is proposed to be distributed to local taxing agencies based on the presiding property tax apportionment schedule pursuant to AB 1484. Exact disposition methodology is to be determined, however auction and broker-facilitated sale are current being contemplated.
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Property #4: 310 W Whittier Boulevard (Chevrolet)



Parcel Data – Property #4

Address	310 W Whittier Boulevard
APN	6346-022-900 / 6346-022-901 / 6346-023-900 / 6346-023-901
Lot Size	2.70 acres
Use	Chevrolet of Montebello Automotive Dealership
Zoning	C-2 (General Commercial)
Current Title	City of Montebello Successor Agency



Acquisition & Valuation Information – Property #4

Purchase Date	4/17/2009
Purchase Price	\$12,000,000
Funding Source	Tax increment
Purpose	Automotive commercial development
Estimate of Current Value	\$10,400,000
Method of Valuation	Appraisal dated 1/21/2009

Revenues Generated by Property & Contractual Requirements – Property #4

Lease Revenues & Enforceable Obligations	<p>Lease payment revenue of approximately \$96,000 annually, comprised of approximately \$72,000 from Arsev, Inc. (dba Chevrolet of Montebello) and approximately \$24,000 from T-Mobile USA, Inc. per Lease Agreement dated 2/18/2009.</p> <p>As part of purchase transaction in February 2009, seller financing was structured in the amount of \$4,265,165.77 due from the former RDA to A. Sevacherian. This loan continues to be included in the Recognized Obligation Payment Schedule (ROPS) as an enforceable obligation (approximately \$337,780 annually) through 1/31/30.</p>
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History of Environmental Contamination or Remediation Efforts – Property #4

None	No known history of environmental contamination, designation as Brownfield site, or remediation.
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Transit-Oriented Development & Agency Planning Objectives – Property #4

Potential for TOD	Not applicable
Agency Planning Objectives	<p>Automotive commercial use on the property is consistent with redevelopment activities explicitly outlined the adopted 2010-2014 Five-Year Implementation Plan, including the revitalization of the Whittier Boulevard Corridor (pages 10, 14, 15, and 17 of 37 of approved Implementation Plan).</p> <p>Furthermore, commercial development on the property meets a number of the Agency's goals and objectives from the adopted 2010-2014 Five-Year Implementation Plan, including Agency Universal Objective #1 (revitalize specific blighted areas within the City through public and private efforts in order to reshape and encourage private investments that will lead to expanding local business activity, increasing local revenues, increase jobs and housing for low- and moderate-income households), Agency General Objective #9 (encouragement of highest and best use of available land consistent with the General Plan), and Agency General Objective #10 (encouragement of private commercial/industrial rehabilitation, development, and capital investment).</p>

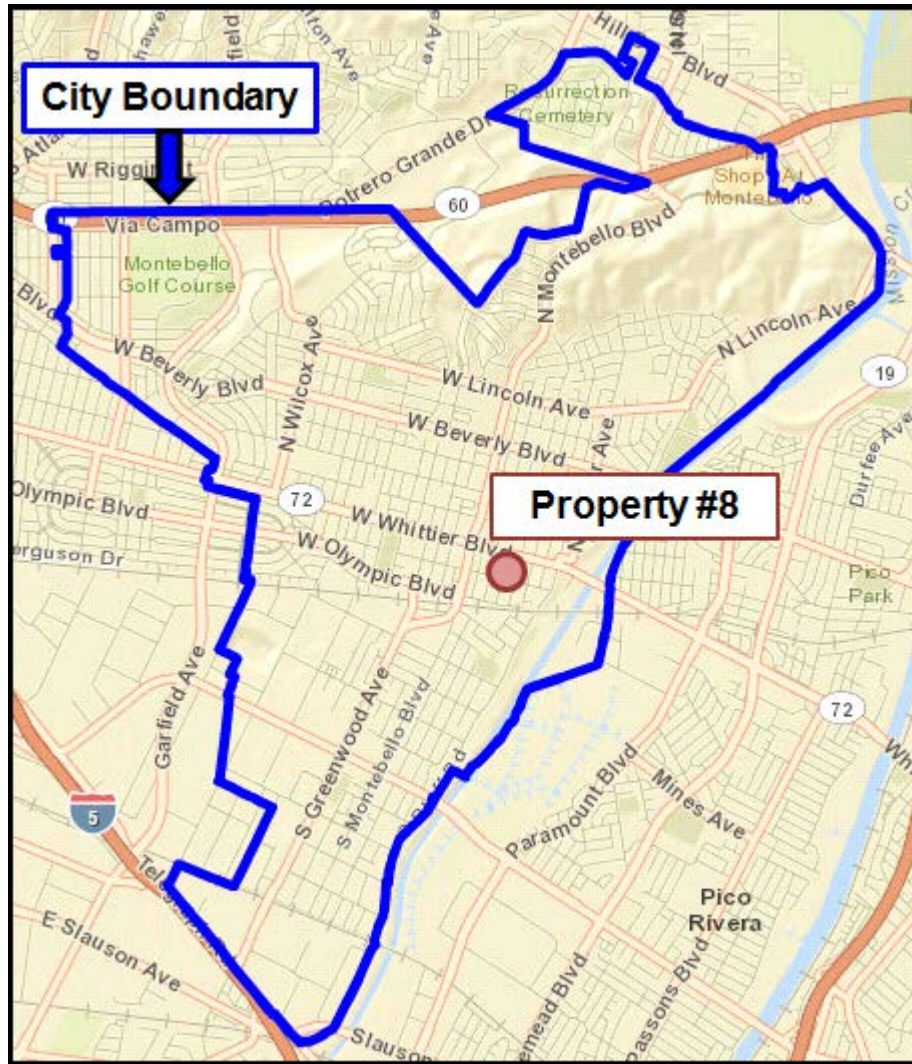
History of Development Proposals / Activities – Property #4

History	There has been no notable development proposal activity or other activity in connection with this property since Agency acquisition.
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Recommendation for Disposition – Property #4

Use of the Property for Fulfillment of Enforceable Obligations	<p>The property is recommended for use for fulfillment of enforceable obligations outlined above. Following fulfillment of the enforceable obligations (no sooner than 1/31/30), property is proposed for sale (via auction or broker-facilitated sale) with sale proceeds to be distributed to local taxing entities. To the extent that the City or SA must incur costs in order to facilitate the eventual sale of the property to the appropriate buyer consistent with approved redevelopment plans, such costs will be deducted from sale proceeds prior to distribution to taxing entities and placed on the ROPS for the appropriate time period for reimbursement as a cost of disposition (evaluated outside the administrative allowance cap) as appropriate. Use of the property as automotive commercial is consistent with the approved redevelopment plans noted above.</p>
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Property #5: 121 South 6th Street



Parcel Data – Property #5

Address	121 South 6 th Street
APN	6349-006-900
Lot Size	6,050 square feet
Use	Vacant lot
Zoning	C-2 (General Commercial)
Current Title	City of Montebello Successor Agency



Acquisition & Valuation Information – Property #5

Purchase Date	11/26/08
Purchase Price	\$310,000
Funding Source	Tax increment
Purpose	Parking for other support of nearby housing and commercial development
Estimate of Current Value	\$135,000
Method of Valuation	Comparable sales evaluation

Revenues Generated by Property & Contractual Requirements – Property #5

None	There are currently no revenues generated by this property, and there are no contractual requirements related to this property.
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History of Environmental Contamination or Remediation Efforts – Property #5

None	No known history of environmental contamination, designation as Brownfield site, or remediation.
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Transit-Oriented Development & Agency Planning Objectives – Property #5

Potential for TOD

Not applicable

Agency Planning Objectives

Future utilization of the property as parking or another supportive use for nearby housing and commercial development (including projects explicitly delineated within the Implementation Plan) meets a number of the Agency's goals and objectives from the adopted 2010-2014 Five-Year Implementation Plan, including Agency Universal Objective #1 (revitalize specific blighted areas within the City through public and private efforts in order to reshape and encourage private investments that will lead to expanding local business activity, increasing local revenues, increase jobs and housing for low- and moderate-income households), Agency General Objective #9 (encouragement of highest and best use of available land consistent with the General Plan), Agency General Objective #11 (development of vacant or under-utilized industrial land), and Agency General Objective #14 (increase availability of off-street parking).

History of Development Proposals / Activities – Property #5

History

Following acquisition of the property in November 2008, the Agency expended approximately \$23,000 for the demolition of the then-existing dilapidated housing improvements and for the installation of fencing around the property. Since that time, the property has been marketed to the development community along with the South Sixth Street Mixed-Use Project. Otherwise, there has been no notable development proposal activity or other activity in connection with this property since Agency acquisition.

Recommendation for Disposition – Property #5

Liquidation

Property is recommended for disposition to developer or end-user for development consistent with Agency planning objectives for a sale price consistent with estimate of current value. Revenue generated from the sale of this property is proposed to be distributed to local taxing agencies based on the presiding property tax apportionment schedule pursuant to AB 1484. Exact disposition methodology is to be determined, however auction and broker-facilitated sale are current being contemplated.



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

December 17, 2015

Ms. Francesca Schuyler, City Manager
City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640

Dear Ms. Schuyler:

Subject: Long-Range Property Management Plan


Pursuant to Health and Safety Code (HSC) section 34191.5 (b), the City of Montebello Successor Agency (Agency) submitted a Long-Range Property Management Plan (LRPMP) to the California Department of Finance (Finance) on November 4, 2015. Finance has completed its review of the LRPMP, which may have included obtaining clarification for various items.

The Agency received a Finding of Completion on December 16, 2015. Further, based on our review and application of the law, we are approving the Agency's use or disposition of all the properties listed on the LRPMP.

In accordance with HSC section 34191.4 (a), upon receiving a Finding of Completion from Finance and approval of a LRPMP, all real property and interests in real property shall be transferred to the Community Redevelopment Property Trust Fund of the Agency, unless that property is subject to the requirements of an existing enforceable obligation. Pursuant to HSC section 34191.3 (a) the approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all the real property assets of the former redevelopment agency.

Please direct inquiries to Kylie Oltmann, Supervisor, or Nicole Prisakar, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Steve Kwon, Interim Director of Finance, City of Montebello
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

December 16, 2015

Ms. Francesca Schuyler, City Manager
City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640

Dear Ms. Schuyler:

Subject: Finding of Completion

The California Department of Finance (Finance) has completed the Finding of Completion for the City of Montebello Successor Agency (Agency).

Pursuant to Health and Safety Code (HSC) section 34179.7, the Agency has entered into a written installment plan with Finance for payment of the amounts determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5.

This letter serves as notification that a Finding of Completion has been granted. The Agency may now do the following:

- Place loan agreements between the former redevelopment agency and sponsoring entity on Recognized Obligation Payment Schedules, as enforceable obligations, provided the oversight board makes a finding the loans were for legitimate redevelopment purposes, per HSC section 34191.4 (b) (1). Loan repayments will be governed by criteria in HSC section 34191.4 (b).
- Utilize proceeds derived from bonds, pursuant to the conditions outlined in HSC section 34191.4 (c).

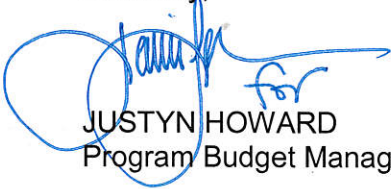
Please note that pursuant to HSC 34197.7 (c), if the Agency fails to fully make one or more payments agreed to in the written installment plan, the benefits noted above may be revoked.

Additionally, the Agency is required to submit a Long-Range Property Management Plan to Finance for review and approval.

Ms. Francesca Schuyler
December 16, 2015
Page 2

Please direct inquiries to Derk Symons, Staff Finance Budget Analyst, or Chris Hill, Principal Program Budget Analyst, at (916) 445-1546.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Justyn Howard', with a large circular flourish on the left side.

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Steve Kwon, Interim Director of Finance, City of Montebello
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

**Oversight Board to the Successor Agency to the former Community
Redevelopment Agency of the City of Montebello**

NOTICE TO PUBLIC OF PROPOSED ACTIONS

Concerning the proposed sale of real property owned by the Successor Agency to the former Community Redevelopment Agency of the City of Montebello.

NOTICE IS HEREBY GIVEN – all citizens are invited to attend a public meeting of the Oversight Board to the Successor Agency of the former Community Redevelopment Agency of the City of Montebello on Wednesday, June 15, 2016, at 8:15 a.m., in the Montebello City Council Chambers located at 1600 W. Beverly Blvd., Montebello, California 90640, to comment on the proposed sale of a real property asset. This public meeting is being held in compliance with California Health & Safety Code Section 34181(f).

PROPOSED PROPERTY TRANSFERS – Successor Agency staff is recommending the sale of the following real property to Ku & Associates, Inc., for the amount of One Hundred and Six Thousand Dollars: 121 South 6th Street, City of Montebello (APN # 6349-006-900).

The Oversight Board will hold a public meeting to consider the approval of the transfer of the above described real property assets to the City of Montebello on June 15, 2016, at 8:15 a.m., in the Montebello City Council Chambers located at 1600 W. Beverly Blvd., Montebello, California 90640. Members of the public are invited to attend the public meeting and provide testimony on the proposed asset transfers.

Questions and comments may be directed to Ben Kim, Director of Planning and Community Development, City of Montebello, 1600 West Beverly Boulevard, Montebello, CA 90640, (323) 887-1386.

Publish: June __, 2016

PURCHASE, SALE AND DEVELOPMENT AGREEMENT

by and between

THE CITY OF MONTEBELLO and THE MONTEBELLO SUCCESSOR AGENCY

And

KU & ASSOCIATES, INC.

February 10, 2016

PURCHASE, SALE AND DEVELOPMENT AGREEMENT

THIS PURCHASE, SALE AND DEVELOPMENT AGREEMENT (hereinafter the "**PSDA**" or "**Agreement**"), dated for reference purposes only as of February 10, 2016, is entered into by and between THE CITY OF MONTEBELLO, a California municipal corporation ("**City**"), THE SUCCESSOR AGENCY TO THE FORMER COMMUNITY REDEVELOPEMNT AGENCY OF THE CITY OF MONTEBELLO, a California Successor Agency created and existing pursuant to California Health and Safety Code Section 34170 *et seq.* ("**Successor Agency**", and jointly with City referred to herein as "**Seller**"), and **KU & ASSOCIATES, INC.**, a California corporation ("**Developer**" or "**Buyer**"). Seller and Developer are sometimes hereinafter collectively referred to herein as the Parties. The Seller and Developer hereby agree as follows:

SEC. 100 SUBJECT OF AGREEMENT

Sec. 101 Purpose of Agreement

(1) The purpose of this Agreement is to assemble underutilized properties owned or to be acquired by Seller and Developer consisting of approximately 1.8 acres of land for the development by Developer of a mixed use project anticipated to consist of a six (6) story structure, including a 130 room hotel, 45 residential condominiums, approximately 8,500 square feet of retail/commercial space and structured parking (both at-grade and one full subterranean level), or such additional or substitute improvements as approved by the City in the Development Entitlements ("**Project**"). The property is bounded by Whittier Boulevard on the north, South 6th Street on the west and South 5th Street on the east within the City of Montebello, California, as shown on the "**Site Map**" attached hereto as **Attachment No. 1**.

(2) The sale of the properties described herein by Seller to Developer and Developer's completion and operation of the Project in accordance with this Agreement is in the vital and best interest of the City, and in accord with the public purposes and provisions of the City General Plan, applicable redevelopment plans, and applicable state and local laws and requirements.

Sec. 102 The Project Site

The project site ("**Site**") is approximately 1.8 acres of real property in the City of Montebello depicted on **Attachment No. 1**, and legally described on **Attachment No. 2**, attached hereto and incorporated herein. The Site consists of the following real properties:

(a) The real property owned by the City located at 132 South 6th Street depicted on **Attachment 2-A** (the "**City Property**").

(b) The real property located at 112, 114-116, and 124 South 6th Street acquired from the Successor Agency by the City depicted on **Attachment No. 2-B** (the "**Housing Property**"), and held by the City in its capacity as "housing successor" to the former Community Redevelopment Agency of the City of Montebello ("**Former Agency**") pursuant to California Health and Safety Code Section 34176.

(c) The real property located at 121 South 6th Street depicted on **Attachment No. 2-C** (the "**SA Property**"), which was owned by the Former Agency and by virtue of the

Dissolution Law (as defined below) is now owned by the Successor Agency pursuant to Health and Safety Code Section 34175(b).

(d) The City Property, Housing Property, and SA Property are cumulatively hereinafter referred to as the “**Property**”.

(e) The real property acquired and/or controller by Developer from third parties located at 501, 507, 509, 513, 517 and 525 Whittier Boulevard as depicted on **Attachment No. 2-D (“Developer Property”)**.

Sec. 102.1 Oversight Board Approval Transfer of SA Property

Seller and Developer acknowledge and understand that the SA Property is owned by the Successor Agency, and that transfer or sale of the SA Property is subject to the applicable provisions of the Dissolution Law (as defined below), which include, without limitation, approval by the Successor Agency’s Oversight Board. Seller and Developer acknowledge the Close of Escrow may be contingent on various third-party governmental entities’ approval of the transfer or sale of the SA Property to Developer in accordance with any and all applicable provisions of the Dissolution Law, and if approval of such transfer or sale is denied either Party may terminate this Agreement.

Sec. 102.2 Alley Vacation

(1) The Property and Developer Property are segregated by portions of certain public alleys proposed to be vacated by the City as shown on **Attachment No. 2-E** and legally described on **Attachment No. 2 (“Alley Portions”)**. City discloses and Developer acknowledges and understands that vacation of the Alley Portions will return unencumbered fee title in the vacated property to abutting property owners in accordance with underlying property lines, which may or may not align with the center or sides of the existing physical alleyway. Developer is advised to undertake its own investigation as to the effect of the vacation of the Alley Portions on the boundaries of the Property.

(2) The vacation of the Alley Portions is a discretionary action of the City Council of the City of Montebello that cannot be required by this Agreement. Therefore the Close of Escrow is contingent on the vacation of the Alley Portions by the City, and if the Alley Portions are not vacated for any reason, this Agreement by be terminated by either Party. The Parties shall cooperate with each other on expediting any request to vacate the Alley Portions.

(3) To the extent that the Alley Portions contain public utilities, pipes, conduits, other public facilities or are subject to easements, licenses or other property interests, Developer shall conduct a survey to identify areas to relocate or otherwise satisfy the owners or holders of such public utilities, easements or other property rights, all at the expense of Developer. Developer shall allow City and the public utility companies affected by the Final Tract Map/Parcel Map to maintain and use the existing utilities and easements located on the Property until such utilities are abandoned pursuant to the terms of a separate agreement to be entered by and between Developer and the utility companies affected thereby. Developer shall use good faith efforts to accomplish the foregoing prior to Close of Escrow. City shall cooperate with Developer and assist Developer in any request by Developer to accomplish the foregoing. The Close of Escrow is contingent on the Developer successfully negotiating with the Public

Utilities related to these property rights. If Developer is unable to satisfy or resolve these utility issues to the satisfaction of the Developer, then the Developer in its sole discretion, shall have the option to terminate this Agreement. If the Developer opts to terminate this Agreement, then this Agreement shall terminate, Developer's Deposit shall be returned to Developer, any other deposits in Escrow shall be returned to the party making the deposit, any Escrow fees shall be paid equally by Developer and by Seller and Developer and Seller are mutually released from any further obligations or benefits pursuant to this Agreement.

(4) If the City exercises its independent discretion to vacate the Alley Portions, such vacation shall be contingent upon approval of the Final Tract Map/Parcel Map and shall not be effective until recorded. City shall cooperate with Developer to accomplish the foregoing.

Sec. 103 Parties to the Agreement

Sec. 103.1 The City

(1) The City is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Government Code of the State of California. The City's address for purposes of this Agreement is:

To City:

City of Montebello
Attn: City Manager
1600 W. Beverly Blvd,
Montebello, CA 90640
Phone: (323) 887-1350
Fax: (323) 887-1410

Copy to:

Alvarez-Glasman & Colvin
Attn: Arnold M. Alvarez-Glasman, City Attorney
13181 Crossroads Pkwy North – Suite 400
City of Industry, CA 91746
Phone: (562) 699-5500
Fax: (562) 692-2244

(2) The City, as used in this Agreement, includes the City acting in its capacity as the Housing Successor Entity pursuant to California Health and Safety Code Section 34176, and any assignee of, or successor to, its rights, powers and responsibilities.

Sec. 103.2 The Successor Agency

The Successor Agency is a public body, corporate, and politic, created and existing pursuant to Health & Safety Code Section 34170 et seq., exercising the functions and powers set for in the Dissolution Law

To Successor Agency:

Successor Agency to the former Community Redevelopment
Agency of the City of Montebello
Attn: Executive Director
1600 W. Beverly Blvd,
Montebello, CA 90640
Phone: (323) 887-1350
Fax: (323) 887-1410

Sec. 103.3 The Developer

(1) The Developer, as used herein, refers to Ku & Associates, Inc., a California corporation. The principal office and address for Developer for the purposes of this Agreement is:

To Developer:

Ku & Associates, Inc.
650 Camino De Gloria, 2nd Floor
Walnut, CA 91789
Phone: (909) 869-5828 / (626) 353-0720
Fax: (909) 869-5827

Copy to:

Chang & Cote, LLP
Attn: Antony Chen, Esq.
19138 E. Walnut Dr. N., Suite 100
Rowland Heights, CA 91748
Phone: (626) 854-2112
Fax: (626) 854-2120

(2) Whenever the term Developer is used herein, such term shall include any affiliated companies of Developer nominee, assignee or successor in interest, individually and collectively as herein provided, subject to the prohibitions set forth in Section 103.4 below.

Sec. 103.4 Prohibition Against Transfer, Change in Ownership, Management and Control of Developer

(1) The qualifications and identity of Developer and its shareholders are of particular concern to the City. It is because of those qualifications and identity that the City has entered into this Agreement with Developer. No voluntary successor in interest of Developer shall acquire any rights or powers under this Agreement, except as expressly set forth herein.

(2) The Developer shall promptly notify the City of any and all changes whatsoever in the identity of the parties in control of Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. City must approve any such changes in writing and shall not unreasonably withhold or delay such approval. If Developer allows any significant change (voluntary or involuntary) in membership, management, or control of Developer, prior to issuance of a Release of Construction Covenants for the Property without such approval of City, then this Agreement may be terminated by the Seller unless Danny Ku, and/or Lemuel Ku, and/or Simeon Ku, and/or Associated Architects, LLC, remain as shareholder(s), member(s), or partner(s) of any company in control of Developer and/or sign a separate agreement with the parties in control of Developer or any new parties to continue to be involved in any development contemplated in this Agreement.

(3) The Developer may not assign all or any part of this Agreement without the prior written approval of the City, which approval shall not be unreasonably withheld or delayed. If Developer seeks an assignment, Developer shall promptly notify City in writing of the proposed assignment. Any such proposed assignment shall be subject to the terms of this Agreement.

Notwithstanding anything to the contrary in this Paragraph 103.4(3):

(a) Developer shall be able to concurrently enter into a separate purchase and sale agreement to sell the Property to any third party ("Third Party Purchaser") without Seller's consent, provided such sale (i) closes concurrently with or within a close proximity to the Close of Escrow contemplated in this Agreement, (ii) shall be expressly subject to all obligations under this Agreement, including, without limitation, the requirements that the Third Party Purchaser develop the Property and that Danny Ku, and/or Lemuel Ku, and/or Simeon Ku, and/or Associated Architects, LLC, remain as a shareholder, member or partner of the Third Party Purchaser and signs a separate agreement with the parties in control of Developer to continue to be directly involved in any development contemplated in this Agreement; and

(b) Developer shall have the right to assign its rights under this Agreement, without the consent of Seller, to a "Permitted Assignee". For purposes of this Agreement, a Permitted Assignee shall mean an entity directly controlled by or under direct or common control with Developer, Danny Ku, Lemuel Ku, and/or Simeon Ku. For purposes of this definition, "direct control" shall mean the power to direct the management and policies of such entity by being a shareholder, member, or partner of such Permitted Assignee. Developer shall provide to Seller not less than ten (10) business days' advanced written notice of such assignment, together with a copy of the assignment agreement assigning its rights hereunder. Seller shall have the right to object to any such assignment in writing within five (5) business days receipt thereof if, in the opinion of Seller said assignment does not satisfy the restrictions of this subsection (b). Notwithstanding Seller's failure to object, any assignment that does not satisfy the restrictions of this subdivision (b) shall be deemed null and void, unless approved by the Seller in writing. Associated Architects, LLC, shall be a Permitted Assignee of this Agreement, provided that at the time of assignment to Associated Architects, LLC, it is directly controlled by Developer, Danny Ku, Lemuel Ku, and/or Simeon Ku, or is under direct control with Developer, Danny Ku, Lemuel Ku, and/or Simeon Ku.

(4) Except as contemplated by Section 103.4 of this Agreement, prior to recordation by the City of a Release of Construction Covenants for construction of the Property, Developer shall not, except as may be required by a tenant for the development of the Project and as permitted by this Agreement, make any total or partial sale, transfer, conveyance, or assign the whole or any part of the Property or the buildings or structures or any parcel in the Property, excluding necessary financing transactions as permitted in this agreement, without the prior written approval of the City which shall not be unreasonably withheld or delayed. This prohibition shall not be deemed to prevent the granting of temporary easements or permits to facilitate development of the Property or leasing in the ordinary course of business.

(5) Except as expressly herein provided, any such proposed transferee, for which the City's consent is required hereunder, shall have the qualifications and necessary financial resources, as may be reasonably determined by City, to fulfill the obligations undertaken by Developer in this Agreement. Any such proposed transferee, for which consent City approval is needed shall expressly assume all obligations of Developer under this Agreement, including the loan obligation, and agree to be subject to all conditions and restrictions under this Agreement to which Developer is subject. Any such transfer shall be made by an instrument in writing satisfactory to City. All instruments and other legal documents proposed to effect any such transfer, shall be submitted to City for review. If approved by the City, its approval shall be indicated to Developer in writing.

(6) In the absence of a specific written agreement by the City or as otherwise contemplated in Section 103.4(2), no such transfer, assignment or approval by the City shall be deemed to relieve Developer or any other party from any obligations under this Agreement until completion of construction and resale of the particular Property.

(7) In addition, the foregoing prohibition against transfer shall not apply to any transfer of a portion of or the entire Property subsequent to the recordation of a Release of Construction Covenants with respect to the improvements constructed upon that portion of the Property, nor shall such prohibition apply to the transfer, conveyance, or assignment by way of a deed of trust or other security instrument, or by way of a foreclosure of such deed of trust or other security instrument, or a sale or transfer pursuant thereto, or a deed in lieu of foreclosure, in connection with the financing of the Property and development thereon, or to any transaction contemplated in Section 103.4(3). Nothing in this Section shall be deemed to prohibit Developer from the selling of condominium units on the Property, nor from the taking of deposits and/or reservations from prospective purchasers of condominium units on the Property, nor from conveying certain common areas (as same may be defined in the Public Report(s) approved by the California Department of Real Estate for the Site) to the Condominium Homeowners Association(s) established pursuant to the approved Condominium Declaration(s) of the Property, together with the rights, duties and obligations pertaining thereto.

Sec. 104 Representations, Warranties and Disclosures

The Seller and Developer acknowledge that neither the Seller nor Developer is relying upon any representations or warranties other than those set out in this Agreement, and that the representations and warranties set out in this Agreement constitute all of the representations and warranties of the Seller and Developer in regard to this transaction.

Sec. 104.1 Seller's Representations

The Seller represents and warrants as follows:

- (1) Except as otherwise provided in this Agreement, there are no physical or legal facts, circumstances, problems or governmental actions known to Seller with respect to the Property which, if disclosed to Developer, would materially or adversely impact decisions regarding acquisition and development of the Property.
- (2) The Seller has no knowledge of any violations of governmental codes, ordinances, regulations or orders with respect to the Property.
- (3) Seller has duly authorized, executed and delivered this Agreement and Seller has or will authorize, execute and deliver, within the times set forth therefore in the Schedule of Performance (Attachment No. 6), any and all other agreements and documents required to be authorized, executed and delivered by Seller in order to carry out, give effect to and consummate the transaction contemplated by this Agreement.
- (4) Each of the foregoing items (1) through (3) shall be deemed to be an on-going representation and warranty and shall survive in perpetuity. Seller shall advise Developer in writing, if there is any change pertaining to any matters set forth or referenced in the foregoing items (1) through (3).

Sec. 104.2 Seller's Disclosures

- (1) As part of the 2011-12 State budget bill, the California Legislature enacted, and the Governor signed Assembly Bill 1X 26 ("**AB 26**") requiring that each redevelopment agency be dissolved.
- (2) On December 29, 2011, the California Supreme Court, upheld AB 26, invalidated and extended all statutory deadlines under AB 26, essentially dissolving all redevelopment agencies throughout the State effective February 1, 2012.
- (3) On June 27, 2012, the State Legislature adopted Assembly Bill 1484 ("**AB 1484**"), which was subsequently signed by the Governor and amended the provisions of AB 26.
- (4) On September 11, 2015, the State Legislature adopted Senate Bill 107 ("**SB 107**"), which was subsequently signed by the Governor and amended the provisions of AB 26 as such was amended by AB 1484.
- (5) AB 26, as amended from time to time (the "**Dissolution Law**") provides that successor agencies be designated as successor entities to the former redevelopment agencies, and provides that, with certain exceptions, all authority, rights, powers, duties, obligations and assets previously vested with the former redevelopment agencies, under the Community Redevelopment Law are vested in the successor agencies.
- (6) The Dissolution Law provides that, upon the approval of a successor agency's oversight board and DOF, the Low and Moderate Income housing assets, including real property, of the Former Agency may be transferred to the City as "housing successor" pursuant to Health and Safety Code Section 34176.

(7) By resolution, the City Council of the City of Montebello elected to become the Successor Agency to the former Agency pursuant to California Health and Safety Code Sections 34171(j) and 34173, and thereby assumed the assets, including real property assets, of the Former Agency for management and disposition in accordance with the Dissolution Law.

(8) By resolution, the City Council of the City of Montebello elected to perform the affordable housing functions of the Former Agency and assuming the all rights, powers, duties, obligations and housing assets, including real property, of the Former Agency pursuant to California Health and Safety Code Section 34176.

(9) The City has determined that the Housing Property was purchased with federal affordable housing grant funds, and the Housing Property is therefore a housing asset which should be transferred from the Successor Agency to the City acting in its capacity as the “housing successor” to the Former Agency.

(10) The Successor Agency’s Oversight Board and DOF have approved the transfer of the Housing Properties to the City as housing assets.

(11) On October 28, 2015 the Montebello Successor Agency adopted Resolution No. 15-07 transferring the Housing Property to City in accordance with California Health and Safety Code Section 34176, and the Oversight Board and DOF approvals for said transfer.

(12) The City Property and the Housing Property are subject to compliance with the Surplus Lands Act (“**Act**”), California Government Code Sections 54220-54233, which requires the City to provide written notice to specified agencies that the City Property and the Housing Property are available for purchase or lease. The Act also imposes affordable housing restrictions on development of the property with ten or more residential units. Developer is advised to review the provisions of the Act to consider how the Act may impact their proposed Project. The City shall provide to Developer all notices sent under the Act and restrictions covered under the provisions of the Act for Developer’s review with three (3) days after Opening of Escrow.

(13) The City Property was purchased at a foreclosure sale, and is occupied by the former owner (“**Former Owner**”), who remained in the City Property after the foreclosure sale without the consent of the City, the Former Agency, or the Successor Agency. The Former Owner has not paid any rent to City, the Former Agency, or the Successor Agency. The Former Owner may claim an interest in the City Property or relocation benefits or other unknown damages. The vacation of the Former Owner is necessary in order to complete the development contemplated under this Agreement. Therefore the Close of Escrow is contingent on the Former Owner disclaiming any interest in the City Property and the Former Owner’s vacation of the City Property. The City shall remove the Former Owner from the City Property and obtain any and all documents necessary, including without limitation title insurance, a quit claim deed, a judgment, and/or a relocation agreement to ensure Former Owner cannot claim any rights to the City Property and that Buyer obtains clean title to the City Property at the Close of Escrow. The Parties shall cooperate with each other on expediting any request under this Section 104.2(13).

(14) The Dissolution Law, in subsection (a) of Section 34191.4 of the Health & Safety Code, states that upon a Successor Agency's receipt of a "finding of completion," all real properties owned by the Former Agency are to be transferred to the Successor Agency's Real Property Trust Fund upon approval by the California Department of Finance ("**DOF**") of the Successor Agency's long range property management plan.

(15) The Dissolution Law states, in Section 34191.3 of the Health & Safety Code, that upon DOF's approval of the Successor Agency's long range property management plan (the "**Successor Agency Plan**"), that the Successor Agency Plan shall govern the disposition and use of the real property assets for the Former Agency.

(16) The Dissolution Law further provides, in subsection (f) of Section 34191.5 of the Health & Safety Code, that actions to implement the disposition of property owned by the Successor Agency pursuant to an approved long range property management plan shall not require review by DOF.

(17) The Successor Agency received a "finding of completion" from DOF on December 16, 2015, and the Successor Agency received DOF approval of the Successor Agency Plan on December 17, 2015.

(18) The Successor Agency Plan includes the SA Property, and recommends disposition of the SA Property to a developer for development consistent with the Former Agency's planning objectives for a sale price consistent with the estimate of current value.

Sec. 104.3 Developer's Representations

Developer represents and warrants to the Seller that:

(1) Immediately following the approval of this PSDA by Seller and subject to Section 200 below, Developer will commence work on the Project entitlement application process and will diligently pursue completion of the Project in accordance with the "Schedule of Performance" set forth in Attachment No. 6, attached hereto.

(2) Developer has duly authorized, executed and delivered this Agreement and Developer has or will authorize, execute and deliver, within the times set forth therefore in the Schedule of Performance (Attachment No. 6), any and all other agreements and documents required to be authorized, executed and delivered by Developer in order to carry out, give effect to and consummate the transaction contemplated by this Agreement.

(3) Neither this Agreement nor anything provided to be done hereunder by Developer violates or shall violate any contract, agreement, or instrument to which Developer is a party.

(4) Ku & Associates is a California corporation duly organized and validly existing under the laws of the State of California and is registered and authorized to conduct business in the State of California. Ku & Associates, Inc. has full power and authority to own property and conduct its business as provided for in this Agreement, and has full power and authority to enter into this Agreement.

(5) This Agreement is a valid and binding agreement enforceable against Developer in accordance with its terms, subject to laws relating to bankruptcy and creditor's rights and generally applicable equitable principles.

(6) Developer is not relying upon any representations or warranties by Seller other than those expressly set forth in this Agreement and the representations and warranties of Seller set forth herein constitute all of the representations and warranties of Seller in regard to this transaction.

(7) Developer has not entered into any agreements which will adversely affect the title to the Property or Developer's right to construct either phase of the Project, as provided in this Agreement.

(8) Developer is either the fee title owner of all of the Developer Properties, or has the right to develop the Developer Properties in accordance with binding development agreement(s) with the owner(s) thereof.

(9) Developer represents and warrants to the Seller that there is no suit, legal action, administrative arbitration or other proceeding or governmental investigation process which has been served upon Developer or, which to Developer's best knowledge, is otherwise pending or threatened against Developer in which any party is making or has made a claim or defense that, if sustained, would materially and adversely affect the performance of Developer under this Agreement or materially and adversely interfere with the ability of Developer to consummate the transactions contemplated herein.

(10) Developer possesses adequate financial resources and has the skill and experience to develop and operate the Project.

(11) Developer is entering into this Agreement for the purpose of redeveloping the Site and not for speculation in land holding or land banking. In this regard, Developer recognizes the importance of the development of the Project on the Site to the general welfare of the residents of the City, the substantial public aids that have been made available by law and by government for the purpose of making such development possible, and the fact that the qualifications and identity of Developer are of particular concern to Seller and that it is because of such qualifications and identity that Seller is entering into this Agreement with Developer;

Each of the foregoing items (1) through (11) shall be deemed to be an on-going representation and warranty. Developer shall advise the Seller in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (1) through (11).

SEC. 200 DISPOSITION OF THE PROPERTY

Sec. 201 Acquisition of SA Property

Developer and Seller recognize, understand and agree that Developer's acquisition of the SA Property is subject to risk and uncertainty, and that both parties will spend time, money and effort in the performance of this Agreement. Therefore, if this Agreement is terminated because the transfer of the SA Property to Developer is not approved by the Oversight Board and/or any other governmental entities with jurisdiction to review and/or approve the transfer under the Dissolution Law, then neither party shall have any claim, rights or cause of action against the other for any costs, expense or damages incurred by that party in furtherance of this Agreement.

Sec. 202 Intentionally Omitted

Sec. 203 Sale, Purchase and Deposit

The City agrees to sell the City Property and the Housing Property to the Developer, and the Successor Agency agrees to sell the SA Property to Developer, and the Developer agrees to purchase the City Property and the Housing Property from the City, and Developer agrees to purchase the SA Property from the Successor Agency. Prior to the transfer of the Properties to Developer, Developer shall prove to the reasonable satisfaction of Seller that it has sufficient funds (such as a commitment letter for funding from a recognized lending institution), to reasonably accomplish the development of the Site in accordance with this Agreement. Developer shall accept such transfer of the Property from Seller, and as consideration for such transfers, shall pay to Seller the purchase price of Nine Hundred and Eighty Thousand Dollars (\$980,000.00) (the "**Purchase Price**"). The Purchase Price shall include the value of the Alley Portion. The Purchase Price shall be paid as follows:

(1) Upon the Opening of Escrow Developer shall deposit in Escrow the sum of Twenty Five Thousand Dollars (\$25,000.00) as a good faith deposit ("**Developer's Escrow Deposit**"). If the Escrow closes successfully the Developer's Escrow Deposit shall be credited toward the Purchase Price. If the Escrow fails to close successfully due to the primary default of the Developer, the Developer's Escrow Deposit shall be transferred to City as liquidated damages pursuant to Section 203.1 of this Agreement. If the Escrow fails to close due to the primary default of City, and Developer elects to terminate this Agreement in accordance with Section 604.1, then the Escrow Deposit shall be refunded to the Developer in accordance with Section 604.1. If the Escrow fails to close without fault of either party, then the Developer's Escrow Deposit shall be returned to Developer.

(2) Developer shall deposit in Escrow Nine Hundred Fifty Five Thousand Dollars (\$955,000.00) of the Purchase Price two (2) business days prior to Close of Escrow.

Sec. 203.1 Liquidated Damages

If through a continuing default after notice and opportunity to cure as provided in this Agreement, Developer fails or refuses to complete the transfer of title to the Property, to which Seller is prepared to deliver insurable title in accordance with the terms and conditions of this Agreement, the Seller, as its sole and exclusive remedy, may terminate this Agreement, and the parties agree that Seller shall draw down Developer's Escrow Deposit as liquidated damages in an amount of Twenty Five Thousand Dollars (\$25,000.00) which sum the Parties agree is a reasonable sum considering all of the circumstances existing on the date of this Agreement, including the relationship of the sum to the range of harm to Seller that reasonably could be anticipated and the anticipation that proof of actual damages would be costly or inconvenient. Upon payment of the liquidated damages, the Parties shall have no further obligation one to the other hereunder. In placing their initials at the place provided, each Party specifically confirms the accuracy of the statements made above and the fact that each Party was represented by counsel who explained the consequences of this liquidated damages provision at the time this Agreement was made. This paragraph shall not be construed to grant Developer the option to purchase the Property or in the alternative to pay the liquidated damages.

Developer initial here: _____

Seller initial here: _____

Sec. 204

Intentionally Omitted

Sec. 205

Escrow

Sec. 205.1 Opening of Escrow

(1) The Seller and Developer agree to open an escrow (the "**Escrow**") with an escrow agent mutually agreed upon by the Parties and licensed in the State of California ("**Escrow Agent**") within fifteen (15) business days after the full execution of this Agreement.

(2) If the Escrow is not opened within such fifteen (15) business days, this Agreement shall automatically terminate, unless the time is extended in writing by mutual agreement of Seller and Developer.

(3) This Agreement shall constitute the joint escrow instructions between the Seller and Developer, and a duplicate original of this Agreement shall be delivered to the Escrow Agent upon the opening of the escrow (the "**Opening of Escrow**"). The Seller and Developer shall provide such additional escrow instructions as shall be necessary and consistent with this Agreement. The Escrow Agent is hereby empowered to act under this Agreement and, upon indicating its acceptance of the provisions of this Section 205 in writing delivered to Seller and to Developer within five (5) business days after the opening of the escrow, shall carry out its duties as Escrow Agent hereunder. In the event of any inconsistency between any escrow instructions and this Agreement, this Agreement shall control, notwithstanding that either party may have intentionally or inadvertently executed such inconsistent instructions.

Sec. 205.2 Close of Escrow

The "**Close of Escrow**" or the "**Closing**" shall be not later than two hundred and seventy (270) days after the Oversight Board approves the SA Property transfer. The Escrow may be extended for any periods of time with the mutual written agreement of the Seller and Developer, delivered to Escrow. The Seller and Developer agree to deliver all documents necessary for the conveyance of title in conformity with this Agreement.

Sec. 205.3 Developer's Deposits in Escrow

Developer shall pay/deliver into escrow, to the Escrow Agent, the following fees, charges and costs and documents at the time they are required to place the Escrow in a condition to close:

- (1) One half (1/2) of the escrow fee;
- (2) One half (1/2) of the recording fees;
- (3) One half (1/2) of the notary fees;
- (4) The Developer's Escrow Deposit.

- (5) The balance of the Purchase Price as contemplated in Section 203(2).

Sec. 205.4 Seller's Deposits in Escrow

The Seller shall pay/deliver into escrow, to the Escrow Agent, the following fees, charges and costs and documents at the time they are required to place the Escrow in a condition to close:

- (1) One half (1/2) of the escrow fee;
- (2) One half (1/2) of the recording fees;
- (3) One half (1/2) of the notary fees;
- (4) Ad Valorem taxes, if any, upon the Property, pursuant to Section 205.12 of this Agreement;
- (5) The premium for the CLTA Title Insurance Policy on the Property. Developer may obtain extended coverage title insurance, ALTA coverage, or surveys at the cost of Developer;
- (6) Costs necessary to place the title in condition for conveyance required by the provisions of this Agreement;
- (7) Grant Deed for the Property and the costs of drawing the deeds; and
- (8) Any state, county, or city documentary stamps or transfer tax.

Sec. 205.5 Escrow Instructions

- (1) The Escrow Agent is authorized to:
 - (a) Pay and charge Developer and Seller for any fees, charges and costs payable under Sections 205.3 and 205.4 of this Agreement. Before such payments are made, the Escrow Agent shall notify Seller and Developer of such fees, charges and costs. Seller and Developer will close escrow in accordance with Section 205.2 unless a sooner or later date or termination of this Agreement is mutually agreed upon in writing by each of the Parties to this Agreement.
 - (b) Disburse funds and record and deliver the deeds, and other documents to the Parties entitled thereto, when the conditions of the escrow have been fulfilled by Seller and Developer. The Purchase Price shall not be disbursed by the Escrow Agent unless and until it has recorded the Grant Deed and has delivered to the appropriate party a title insurance policy insuring title, acceptable to Developer and the lender, and conforming to the requirements of this Agreement.

(c) Record the Grant Deed(s) for the Property, and each of them, and any instrument delivered through this escrow, if necessary or proper to vest title in Developer, in accordance with the terms and provisions of this Agreement.

(d) Cause to be prepared on behalf of Seller and delivered to Developer such disclosure documents and reports concerning flood hazards, earthquake, fire and wildlands as may be required by California Government Code Sections 8589.3, 8589.4 and 51183.5 and California Public Resources Code Sections 2621.9, 2694 and 4136.

(2) All funds received into escrow shall be deposited in an interest bearing account by the Escrow Agent with other escrow funds of the Escrow Agent in a general escrow account or accounts with any state or national bank doing business in the State of California. Such funds may be transferred to any other such general escrow account or accounts. All disbursements shall be made on the basis of a 30-day month.

(3) The Escrow Agent shall not be obligated to return any such money, papers or documents except upon the written instructions of both Seller and Developer, or until the party entitled thereto has been determined by a final decision of a court of competent jurisdiction.

(4) Any amendment of these escrow instructions shall be in writing and signed by both Seller and Developer. At the time of any amendment, the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

(5) All communication from the Escrow Agent to the Seller or Developer shall be directed to the addressees in the manner established in Sections 104.1 and 104.2 of this Agreement. Nothing in this Section 205.5 shall be construed to impair or affect the rights or obligations of the Seller or Developer as to specific performance.

Sec. 205.6 Condition of Title and Title Insurance

(1) The conveyances of the Property shall be by fee simple, merchantable and insurable title free and clear of all recorded liens, encumbrances, covenants, assessments, easements, leases and taxes except as are consistent with this Agreement and approved by the Developer ("**Approved Title Condition**").

(2) Within ten days (10) of the opening of the escrow, Seller shall deliver to the Developer a preliminary title report for a CLTA Owner's Title Insurance Policy ("**Report**") covering the Property and issued by a title company mutually agreed upon by the Parties (the "**Title Company**"), together with all readable and legible copies of all instruments, if any, referred to in the Report as exceptions to title. Developer shall, in addition to all other approvals, have the right to review and accept the assessments, and any liens or other matters affecting title, whether or not of record, including all matters affecting title that are incorporated in this Agreement by reference. Within 30 days after receipt of the Title Report, exception documents and ALTA Survey, Developer shall give written notice to Seller of any defects in or objections to the title as so evidenced. The Seller shall, within thirty (30) days after written notice from Developer of any defects in title, or such reasonable time as may be extended by Developer, exert its best efforts to clear the title of the defects and objections so specified. If Seller is unable to clear such defects or objections within such 30 day period, it shall give written notice to Developer within 15 days following the 30 day period that Seller elects to terminate this PSDA. Developer shall then have 60 days to give written notice to Seller that Developer will accept the

defects or objections which Seller was unable to clear. If Developer does not give Seller such notice of acceptance of defects or objections within 60 days, then this PSDA and the Escrow shall be terminated. Upon such automatic termination, Developer shall be entitled to the return of all of its deposits, whereupon the Parties shall have no further obligations one to the other hereunder.

(3) Seller shall pay the cost of Title Insurance. Developer may obtain extended coverage title insurance, ALTA coverage, or surveys at the cost of Developer

(4) Concurrent with the recording of the Grant Deed conveying title to the Property to Developer, the Title Company shall, if requested by Developer, provide Developer with an endorsement to insure the amount of Developer's estimated construction costs for improvements to be constructed upon the Property. Developer shall pay the entire premium for any such additional title insurance coverage.

Sec. 205.7 Conveyance of Title and Delivery of Possession

Subject to any mutually agreed upon extensions of time, conveyance of title and delivery of exclusive possession of the Property to Developer shall be completed on or prior to the date for close of escrow. Seller and Developer agree to perform all acts necessary to convey title in sufficient time for title to be conveyed in accordance with the foregoing provisions. If, prior to the Closing, all of the Property, or any portion thereof which, in the reasonable judgment of Developer, would materially and adversely affect the development of the Property consistent with the terms of this Agreement, is condemned, or a notice is received by Seller or Developer of any such threatened condemnation, then Developer shall have the right to terminate this Agreement at any time prior to close of escrow upon written notice to Seller.

Sec. 205.8 Form of Deed

Subject to Section 205.7, the Seller shall convey the title to Property Developer as follows:

- (1) In the condition provided in Section 205.6 of this Agreement.
- (2) By Grant Deed(s) in substantially the form as set forth in Attachment No. 3.
- (3) After review and approval of the title report submitted to Escrow, consistent with the terms of this Agreement, which is mutually satisfactory to the Title Company, the Developer, the Developer's Lender and the Seller.
- (4) After the Title Company agrees to insure the title herein.

Sec. 205.9 Time and Place for Delivery of Deeds

The Seller shall timely and properly execute, acknowledge and deliver to Escrow a Grant Deed(s) to the Property, and each of them individually, with the requirements set forth in Section 205.8 of this Agreement, which is substantially in the form as the "**Grant Deed**" attached hereto as **Attachment No. 3** and incorporated herein by reference. Subject to any mutually agreed upon extension of time, the Seller shall deposit the Grant Deed with the Escrow Agent at least two (2) business days before close of Escrow.

Sec. 205.10 Recordation of Deeds

Title to the Property shall be transferred to Developer by Grant Deed(s) upon or prior to the date for conveyance thereof, provided that the Escrow Agent shall have notified the parties in writing that the deed(s), properly executed and acknowledged, has been delivered to the Escrow Agent, and that title is in the condition to be conveyed in conformity with the provisions of this Agreement and that the Parties have complied with all of their obligations and fulfilled all of their responsibilities to be performed by them prior to the conveyance of title. The Escrow Agent shall file the deed for recordation among the land records in the office of the County Recorder for Los Angeles County.

Sec. 205.11 Taxes, Assessments and Prorations

(1) Any ad valorem taxes and/or assessments on the Property or taxes imposed upon this Agreement, or any rights thereunder levied, assessed or imposed for any period occurring prior to Close of Escrow, shall be borne by Seller. All ad valorem taxes and assessments levied or imposed on the Property for any period occurring after Close of Escrow shall be paid by Developer.

(2) Any taxes, assessments, fees or charges which cover a period before and after the Close of Escrow shall be prorated. Prorations shall be made as of the Close of Escrow. All prorations shall be made on the basis of a thirty (30) day month and shall be credited to Seller if it is entitled thereto, or shall be credited against the cash portion of the Purchase Price if Developer is entitled thereto. Such prorations shall be made by Escrow Agent on the basis of a statement(s) approved by Developer and Seller and deposited into the Escrow prior to the Close of Escrow.

(3) Supplemental taxes, fees or charges assessed or imposed on the Property after the Close of Escrow, but which are imposed for a period prior to Close of Escrow shall be prorated between Seller and Developer as provided in subparagraphs (1) and (2) of this section 205.11.

(4) Expenses of operating the Property which were prepaid by Seller for a period beyond the Close of Escrow shall be credited to Seller.

(5) Developer shall be responsible for obtaining and paying for utility services from and after Close of Escrow.

Sec. 205.12 Evidence of Financing

(1) Within the time set forth in the Schedule of Performance, Developer shall exercise commercially reasonable efforts to obtain sufficient equity capital and debt financing on terms satisfactory to Developer in its sole discretion as necessary to undertake and complete acquisition of the Property and development of the Project thereon, as applicable. Contingent upon its ability to obtain such equity and debt financing within the time set forth in the Schedule of Performance, Developer shall submit such evidence of financing to the City Manager for approval. Such evidence of financing shall include, as applicable, the following: (i) a signed letter of financing commitment from a financing institution; or (ii) a copy of the loan documents (in substantially their final form) to be obtained by Developer from one or more financial institutions

for the mortgage loan or loans for financing to acquire the Site and develop the Project; or (iii) written documentation and evidence, from the chief financial officer of Developer (or such other person serving in the most comparable capacity for Developer), reasonably satisfactory to Seller that Developer has sufficient funds for such acquisition and construction and that such funds have been committed to the Project; or (iv) such other documentation reasonably satisfactory to the City Manager as evidence of other sources of capital sufficient to demonstrate that Developer has adequate funds to cover the difference between the total acquisition and development cost for the Project less financing authorized by those loans referred to in clauses (i and ii) hereinabove. Notwithstanding the foregoing, evidence of equity and debt financing may be evidenced by an executed letter of intent to provide financing and equity, respectively. Loan documents (in substantially their final form) shall be submitted to the City Manager at least five (5) business days prior to Close of Escrow.

(2) The City Manager shall approve or disapprove Developer's evidence of financial capability and commitments within two (2) business days after receipt of a complete submittal of loan documents in substantially their final form. The City Manager in his/her sole discretion may accept a letter of intent to provide financing and equity in lieu of the loan documents in substantially their final form. The approval of the Seller shall be limited to determining that the financing entity is a responsible and sound financial source of adequate financial capability to provide the necessary loan proposed, that the amount of the loan, along with all other loans and equity funds available to Developer, is equal to or greater than the cost of acquiring the Property and the cost of construction and development of the Project, and that the amount of the funds by the terms of the loan documents in substantially their final form or the signed letter of intent will be available at the time required consistent with the other provisions of this Agreement. Approval shall not be unreasonably withheld, delayed, or conditioned. If the City Manager shall disapprove any such evidence of financing, he or she shall do so by delivery of written notice to Developer stating the reasons for such disapproval. Upon receipt of the City Manager's disapproval of Developer's proposed financing, Developer shall exercise commercially reasonable efforts to promptly obtain and submit new evidence of financing or terminate this Agreement as provided in Section 604.1, and in the event Developer elects to seek new financing the time for Developer to do so and all provisions of the Schedule of Performance related to the applicable Closing automatically shall be extended until Developer obtains the City Manager's approval of Developer's evidence of financing or by one hundred twenty (120) days, whichever occurs first. The City Manager's shall approve or disapprove any such new evidence of financing in the same manner and within the same times established in this Section 205.12 for Developer's initial submittal.

(3) If any portion of Developer's financing consists of secured third party loans, Developer shall close the approved financing at the Closing. The mortgage, deed of trust, or other form of conveyance for financing required for Developer's acquisition of the Property and its development of the Project, including any extension, modification, renewal, or refinancing of any such mortgage, deed of trust, or other form of conveyance for financing, is referred to herein as a **"Developer Deed of Trust."**

Sec. 206

Condition of the Property

(1) Except as provided in this Agreement, the Property shall be conveyed and delivered to Developer in an "as-is" physical condition. BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SELLER IS SELLING AND BUYER IS PURCHASING THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT, EXCEPT AS EXPRESSLY SET FORTH IN PARAGRAPHS 104.1 AND 104.2, BUYER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM SELLER, ITS AGENTS OR BROKER AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION:

(a) The quality, nature, adequacy and physical condition and aspects of the Property, including, but not limited to, sewage, and utility systems, the square footage within the Property.

(b) The quality, nature, adequacy, and physical condition of soils, geology and any groundwater.

(c) The existence, quality, nature, adequacy and physical condition of utilities serving the Property.

(d) The development potential of the Property, and the Property's use, habitability, merchantability, or fitness, or the suitability, value or adequacy of the Property for any particular purpose.

(e) The zoning or other legal status of the Property or any other public or private restrictions on use of the Property.

(f) The compliance of the Property with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions of any governmental or quasi-governmental, entity or of any other person or entity (including, without limitation, the Americans with Disabilities Act).

(g) The presence of hazardous materials on, under or about the Property or the adjoining or neighboring Property.

(h) The quality of any labor and materials used in any Improvements.

(i) The economics of the operation of the Property.

(2) Seller is not in any way responsible for any demolition or physical site clearance of said Property. Developer is solely responsible for the relocation of utilities and easements as necessary on any parcel within the Property; however, Seller agrees to fully cooperate with Developer to relocate same.

Sec. 206.1 Developer Due Diligence

(1) Developer will have the later of (a) one hundred fifty (150) days after the opening of escrow or (b) the final approval by the City of CEQA documentation for the Project and expiration of the appeal period for same (the "**Due Diligence Period**") to conduct any investigation of the Property.

(2) During the Due Diligence Period Developer is invited, urged, and cautioned to conduct, at Developer's expense, such investigations, inspections, surveys, plans, and tests of the Property, including, without implied limitation, soils, groundwater, wells, percolation, geology, environmental, drainage, engineering and utilities investigations, inspections, surveys, plans, and tests (collectively, "**Investigations**"), as Developer determines, in Developer's sole discretion, are required to determine the suitability of the Property for Developer's intended use and development. Such Investigations shall be conducted at the sole cost and expense of Developer. Developer shall hold harmless, indemnify and defend Seller against all costs, damages, liabilities or expenses, including mechanics lien claims arising out of Developer's activities on the Property.

(3) Seller hereby grants to Developer, its employees, representatives, agents and independent contractors, a license to enter the Property for purposes of conducting such Investigations during normal business hours. Developer shall provide Seller twenty-four (24) hours' notice prior to entering the Property.

(4) In the event that Developer exercises this right of entry, Developer shall comply with all applicable laws and obtain all permits which may be required with respect to its investigations and testing. Developer further agrees to indemnify, defend, and hold harmless Seller and the Property from and against any and all claims, damages, liabilities, and losses arising from such activities of Developer or its employees or agents, and from and against all mechanics', materialmen's, and other liens resulting from any such conduct. Developer shall restore the Property as nearly as possible to its condition existing immediately prior to any such entry by or on behalf of Developer. Prior to entry upon the Property Developer shall obtain insurance covering Developer's indemnity, hold harmless, and defense obligations to Seller pursuant to this paragraph. Prior to entry upon the Property for such Investigations Developer shall furnish to Seller duplicates of appropriate certificates of commercial general liability insurance in the amount of at least One Million Dollars (\$1,000,000) combined single limit for bodily injury and property damage and One Million Dollars (\$1,000,000) general aggregate limit, naming Seller as an additional insured, insuring Developer's obligations and responsibilities under this paragraph (4). Developer shall maintain each such policy in effect until the Close of Escrow.

(5) Developer shall notify Seller in writing of any objections as to the condition of the Property, by delivering such written objection to escrow within the Due Diligence Period. Seller shall then have ten (10) days to correct the objection to the reasonable satisfaction of Developer, or give written notice to Developer through escrow that Seller elects to terminate the Agreement. If Seller elects to terminate the Agreement, Developer shall have thirty (30) days to give written notice to Seller through escrow that Developer waives the objection or terminates the Agreement.

Sec. 207 Conditions Precedent to Close of Escrow

Sec. 207.1 Oversight Board Approval of SA Property Transfer

The approval of the Oversight Board of this Agreement and the SA Property transfer from the Successor Agency to Developer is a condition precedent to the Close of Escrow. If the Oversight Board fails to approve the transfer then this Agreement shall terminate, Developer's Deposit shall be returned to Developer, any other deposits in Escrow shall be returned to the

party making the deposit, any Escrow fees shall be paid equally by Developer and Seller and Developer and Seller are mutually released from any further obligations or benefits pursuant to this Agreement.

Sec. 207.2 Compliance With Surplus Lands Act

(1) If the City receives an offer(s) to lease or purchase the City Property or the Housing Property pursuant to Government Code Section 54222, the City has sole discretion whether to accept or reject the offer(s). If the City accepts the offer(s), then this Agreement shall terminate, Developer's Deposit shall be returned to Developer, any other deposits in Escrow shall be returned to the party making the deposit, any Escrow fees shall be paid equally by Developer and City and Developer and City are mutually released from any further obligations or benefits pursuant to this Agreement.

(2) If the City receives an offer(s) to lease or purchase the City Property or the Housing Property pursuant to Government Code Section 54222, the City has sole discretion whether to accept or reject the offer(s). If the City rejects the offer(s), then Developer has the option of proceeding with the project and complying with the affordable housing requirements of Government Code Section 54233, altering the project to less than ten (10) residential units, or terminating this Agreement. If Developer opts to terminate this Agreement, then this Agreement shall terminate, Developer's Deposit shall be returned to Developer, any other deposits in Escrow shall be returned to the party making the deposit, any Escrow fees shall be paid equally by Developer and City and Developer and City are mutually released from any further obligations or benefits pursuant to this Agreement.

Sec. 207.3 Claims of Former Owner of City Property

The Former Owner of the City Property may claim an interest in the City Property, relocation benefits or other unknown damages. If the City is unable to resolve the claims of the Former Owner to the sole satisfaction of the City, then the City in its sole discretion, shall have the option to terminate this Agreement. If the City opts to terminate this Agreement, then this Agreement shall terminate, Developer's Deposit shall be returned to Developer, any other deposits in Escrow shall be returned to the party making the deposit, any Escrow fees shall be paid by Seller and Developer and Seller are mutually released from any further obligations or benefits pursuant to this Agreement. The Close of Escrow is contingent on the Seller providing clean title to Buyer including all of the items contemplated in Section 104.2(13) of this Agreement.

Sec. 207.4 Vacation of the Alley Portions

The vacation of the Alley Portions is a discretionary action of the City Council of the City of Montebello that cannot be required by this Agreement. Therefore the Close of Escrow is contingent on the vacation of the Alley Portions by the City of Montebello. If the City opts not to vacate the Alley Portions, then this Agreement shall terminate, Developer's Deposit shall be returned to Developer, any other deposits in Escrow shall be returned to the party making the deposit, any Escrow fees shall be paid by Seller and Developer and Seller are mutually released from any further obligations or benefits pursuant to this Agreement.

Sec. 207.5 Developer's Conditions Precedent

Notwithstanding any other provision set forth in this Agreement to the contrary, Developer's obligation to close the Escrow for the Property and its obligation to accept conveyance of the Property from Seller shall be subject to satisfaction or Developer's written and signed waiver of each of the following conditions precedent (collectively, the "**Developer's Conditions Precedent**"):

(1) At the Closing, the Title Company shall be irrevocably committed to issue the Title Policy that is required to be paid for by Seller pursuant to Section 206.6 of this Agreement insuring fee title to the Property as being vested in Developer in the Approved Title Condition;

(2) Seller shall have tendered possession of the Property to Developer in the condition required pursuant to Section 206 of this Agreement;

(3) Prior to the expiration of the applicable Due Diligence Period, Developer shall have approved all Due Diligence matters or have waived any objections in writing;

(4) Developer shall have obtained City approval of all of the Development Entitlements, Final Tract/Parcel Map, CEQA documentation satisfactory to Developer and Final Building Plans for all of the improvements comprising the Project, and Developer shall be in a position to obtain issuance of building permits at the Closing upon the payment of applicable building permit fees and posting of any normally required security within the schedule contemplated in the Schedule of Performance attached hereto as Attachment No. 6;

(5) Developer shall have been able to obtain and the City Manager shall have approved Developer's evidence of financing commitments, as provided for in Section 205.12 of this Agreement, and Developer's lender and equity sources for the financing and equity are prepared and willing to close and fund such financing and equity at the Close of Escrow;

(6) Escrow Agent holds and will deliver to Developer the instruments and funds accruing to Developer pursuant to this Agreement with respect to the applicable Escrow;

(7) A Final Tract/Parcel Map vacating the Alley Portions approved by the City of Montebello has been recorded or is to be recorded at the Close of Escrow subject to the reservation of any easements or utilities to serve any structures remaining in use within the schedule contemplated in the Schedule of Performance attached hereto as Attachment No. 6;

(8) All representations and warranties by Seller in this Agreement shall be true on and as of the applicable Closing as though made at that time. All covenants of Seller with respect to the Site which are required to be performed prior to the applicable Closing shall have been performed by such date; and

(9) The Developer shall have successfully resolved the issues related to the public utilities indicated in Section 102.2(3) to the sole satisfaction of the Developer.

(10) The Seller providing clean title to Buyer including all of the items contemplated in Section 104.2(13) of this Agreement.

Sec. 207.6 Failure of Developer's Conditions Precedent; Termination

The failure of any of the Developer's Conditions Precedent set forth in Section 207.5 shall not be a bar to the Closing nor an excuse for Developer's complete performance under this Agreement if the failure of the condition is primarily due to the fault of Developer. Developer shall reasonably cooperate with Seller and the Escrow Agent to attempt to satisfy each and every one of the Developer's Conditions Precedent. In the event, however, that Developer has fully performed its obligations set forth in this Agreement but any of the Developer's Conditions Precedent is not satisfied or waived in a writing signed by Developer prior to the expiration of the applicable period for satisfaction or waiver, Developer may, in addition to asserting or claiming any other right or remedy Developer may have for Seller's breach or default hereunder, cancel the applicable Escrow and terminate this Agreement. Such cancellation shall be in writing and delivered to Escrow Agent and Seller. In the event Developer elects to cancel the Escrow and/or terminate this Agreement, all documents and funds, if any, delivered by one Party to the other Party or to the Escrow Agent with respect to the cancelled Escrow shall be returned to the Party making delivery. The obtaining of approvals from the City is a discretionary action of the City Council of the City of Montebello that cannot be required by this Agreement. Any delays and/or issues related to obtaining approvals from the City shall not be deemed fault of the Developer.

Sec. 207.7 Conditions Precedent to Seller's Obligations

Notwithstanding any other provision set forth in this Agreement to the contrary, Seller's obligation to close the Escrow for the Property and its obligation to convey the Property to Developer shall be subject to satisfaction or Seller's written and signed waiver of each of the following conditions precedent (collectively, the "**Seller's Conditions Precedent**"):

(1) Escrow Agent holds and will deliver to Seller the instruments and funds accruing to Seller pursuant to this Agreement with respect to the Escrow.

(2) Developer shall have obtained City approval of all of the Development Entitlements and Final Building Plans, CEQA documentation satisfactory to the City of Montebello for all of the improvements comprising the Project, and Developer shall be in a position to obtain issuance of building permits at the Closing, upon the payment of applicable building permit fees and posting of any normally required security.

(3) Developer shall have submitted and obtained the City Manager's approval of the insurance required with respect to the Escrow pursuant to Section 304 of this Agreement.

(4) Developer shall have submitted and obtained the City Manager's approval of Developer's evidence of financing commitments with respect to the applicable Escrow as provided for in Section 205.12 of this Agreement.

(5) Proof to the satisfaction of Seller that Developer has obtained recorded fee title to the Developer Property.

(6) A Final Tract/Parcel Map vacating the Alley Portions approved by the City of Montebello has been recorded or is to be recorded at the Close of Escrow subject to the reservation of any easements or utilities to serve any structure remaining in use.

(7) All representations and warranties by Developer in this Agreement with respect to the Property shall be true on and as of the Closing as though made at that time and all covenants of Developer which are required to be performed prior to the applicable Closing shall have been performed by such date.

(8) A Final Tract Map/Parcel Map “for condominium purposes” is recorded prior to or at the time of Close of Escrow.

Sec. 207.8 Failure of Seller’s Conditions Precedent; Termination

The failure of any of the Seller’s Conditions set forth in this Agreement shall not be a bar to the Closing of the Escrow nor an excuse for Seller’s complete performance under this Agreement if the failure of the condition is primarily due to the fault of Seller. Seller shall reasonably cooperate with Developer and the Escrow Agent to attempt to satisfy each and every one of the Seller’s Conditions Precedent. In the event, however, that Seller has fully performed its obligations set forth in this Agreement but any of the Seller’s Conditions Precedent is not satisfied or waived in a writing signed by Seller prior to the expiration of the applicable period for satisfaction or waiver, Seller, as its sole and exclusive remedy, may cancel the Escrow and terminate this Agreement. Such cancellation shall be in writing and delivered to Escrow Agent and Developer. If the failure of the condition is due primarily to the fault of Developer, then Seller shall also recover liquidated damages pursuant to this Agreement. In the event Seller elects to cancel the Escrow and/or terminate this Agreement, all documents and funds, if any, delivered by one Party to the other Party or to the Escrow Agent with respect to the cancelled Escrow, shall be returned to the Party making delivery.

Sec. 208 Environmental Compliance

Full and complete California Environmental Quality Act (“CEQA”) analysis, noticing, documentation and public review will be undertaken by the appropriate lead agency prior to approval of the Development Entitlements. CEQA compliance is a condition precedent to Close of Escrow and performance of this Agreement. The approval of this Agreement shall not commit the City to the approval of the Project or any iteration thereof, and shall not limit the scope of CEQA analysis, including but not limited to project mitigation measures and the consideration of project alternatives, including a no-project alternative. The provisions of this Section shall not in any way limit, hinder or affect the discretion of the City to review CEQA documents and impose mitigation measures, alter the Project or deny the Project in consideration of adverse environmental impacts. All costs associated with the CEQA process shall be paid by Developer.

Sec. 209 Memorandum of PSDA

At the time of execution of the Agreement the Seller and Developer shall also sign the **Memorandum of PSDA** in the form of **Attachment No. 4**. Seller may record the Memorandum of PSDA immediately after execution of this Agreement or Seller shall deliver the Memorandum of PSDA to Escrow, and it shall be recorded at Close of Escrow.

SEC. 300 DEVELOPMENT OF THE PROPERTY

Sec. 301 Intentionally Omitted

Sec. 302 Development of Improvements

The Developer shall construct the improvements described in this Section 302 and all of its subsections (the "**Developer Improvements**") at its own cost and expense. The Property and any improvements to be constructed thereon by Developer shall be developed as provided in the site plans, development plans, renderings and zoning entitlements (the "**Development Entitlements**") to be submitted by Developer and approved by the City of Montebello in its discretion. The Developer Improvements and the Development Entitlements shall substantially comply with the Preliminary Plans in Section 302.1, or as otherwise approved by the City in writing and in the exercise of its sole and absolute discretion.

Sec. 302.1 Scope of Development

The "**Scope of Development**" depicted on **Attachment No. 5**, attached hereto, includes the assembly of underutilized properties owned or to be acquired by Seller and Developer consisting of approximately 1.8 acres of land, for the contemplated development by Developer of a mixed use project to consist of a six (6) story structure, including a 130 room hotel, approximately 3,300 square feet of full service restaurant area, 45 residential condominiums, approximately 8,500 square feet of retail/commercial space and structured parking (both at-grade and one full subterranean level). The property is bounded by Whittier Boulevard on the north, South 6th Street on the west and South 5th Street on the east within the City of Montebello, California, as shown on the "Site Map" attached hereto as Attachment No. 1. Notwithstanding the Scope of Development set for in this Agreement and the Project improvements described herein, the final Scope of Development and Project improvements shall be as set forth in the Development Entitlements as approved by the City in its sole and absolute discretion.

Sec. 302.2 Intentionally Omitted

Sec. 302.3 Employment Opportunities

Developer shall comply with the "Local Hire Program," attached hereto as Attachment No. 8, providing for the hiring of Montebello residents as employees for the construction, operation, and maintenance of the Project.

Sec. 302.4 City Approval of Plans, Drawings and Related Documents

(1) Developer shall prepare and submit to the City the construction drawings and related documents for development of the Property for architectural review and written approval. City will promptly review the drawings and specifications. Developer shall bear such costs as normally charged for these City services. The Developer shall obtain all required permits and pay development impact fees related to the development of the Property. The Developer shall pay all government processing fees related to the development. All such fees

shall be based on the published or applicable fees as of the date of the application for the permit or other entitlement.

(2) During the preparation of all drawings and plans, the City and Developer shall hold regular progress meetings or conference calls to coordinate the preparation, submission, and review of drawings, plans and related documents by the City. The City and Developer shall communicate and consult informally and as frequently as necessary to insure that the formal submittal of any documents to the City can receive prompt and speedy consideration.

(3) If any revisions or corrections of plans approved by the City shall be required by any government official, agency, department or bureau having jurisdiction or any lending institution involved in financing, Developer shall coordinate efforts to obtain waiver of such requirements, if reasonably practicable, or develop an alternative mutually acceptable to the City. Costs for planning and constructing Developer improvements shall include, but not be limited to the following: All on-site improvements, costs of acts of mitigating adverse environmental impacts, if necessary, fees (federal, state and local), and other related costs generally necessary for a development of the scope and nature proposed by the Developer.

Sec. 302.5 Cost of Development

All costs for engineering, planning, designing, lot consolidation or parcel maps, permits, entitlements and constructing the Project shall be borne exclusively by the Developer. The Developer shall also bear all costs related to discharging the duties of the Developer set forth in this Agreement.

Sec. 303 Schedule of Performance

(1) As soon as the Property is conveyed to Developer and Developer receives Development Entitlements, Developer shall begin promptly thereafter to diligently complete the construction of the improvements and the development of the Property. Developer shall begin and complete plans, development and construction of the Property within the time specified in the "**Schedule of Performance**" attached hereto as **Attachment No. 6** and incorporated herein by reference, or such reasonable extension of said dates as may be granted by the City Manager, which extension shall not be unreasonably withheld. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between Developer and the City Manager.

(2) The construction of the improvements and development of the Property as described in the Development Entitlements may, at the sole election of Developer, be completed in different phases; provided that such construction and development is within the time specified in the "Schedule of Performance," or as otherwise approved in the sole discretion of the City Manager, and that such phased construction is consistent with the environmental analysis completed for the Development Entitlements. No later than sixty (60) days prior to the Close of Escrow, Developer shall provide to the City Manager a written and detailed construction plan for review and comment by the City Manager ("Construction Plan"). If, in the exercise of his/her discretion, the City Manager finds that the Construction Plan is inconsistent with the Development Entitlements, conflicts with the environmental review completed therefor, or is

otherwise not in the best interests of the City, the City Manager may reject and/or revise the Construction Plan by providing written notice to the Developer no later than thirty (30) days prior to the Close of Escrow, after which the Parties shall meet and confer in good faith to resolve any disputes and/or discrepancies, and reach an agreement as to a final Construction Plan prior to the Close of Escrow. A finalized written Construction Plan agreed upon by the Parties shall be a prerequisite to the Close of Escrow, and the failure to finalize the same shall result in the termination of this Agreement. The Construction Plan shall be deemed incorporated into this Agreement. Following the Close of Escrow, Developer may request amendments and/or revisions to the Construction Plan, and the approval of any such amendments and/or revisions shall be within the sole and absolute discretion of the City Manager.

Sec. 304 Insurance; Indemnity

(1) Prior to the commencement or continuation of any construction hereunder occurring after the Seller approves this Agreement, the Developer shall obtain a general liability insurance policy and maintain such policy in effect until the completion of all of the Developer Improvements (as reasonably determined by the Seller) providing coverage for bodily injury and property damage in the minimum amount of One Million Dollars (\$1,000,000.00) per occurrence. The policy shall name, as additionally assureds, the Seller, and its officers and employees in their official capacity and while acting within the scope of their duties, against all claims, suits, or other actions of any nature brought for or on account of any deaths, injuries, damage or loss, arising out of or connected with the work of Developer Improvements under this Agreement.

(2) Insurance coverage furnished by Developer, pursuant to this Section 304, may be submitted as one or more policies or part of a blanket policy, but coverage shall conform to this Section 304 and shall pertain to all activities on the Property and shall require approval by the City.

(3) Developer shall furnish Seller a certificate of insurance from its insurer evidencing compliance with this Section with the provision that the insurer shall endeavor not to cancel or modify the policy without thirty (30) days written notice to Seller. Developer shall give Seller prompt and timely notice of any claim made or suit instituted. Seller and its officers and employees, in their official capacity and while acting within the scope of their duties, shall also be named as additionally insured in any policies of Developer's contractors covering work under this Agreement; and such policies shall comply with this Section. Coverage shall be primary and not contributing with any policy or coverage maintained by or obtained by the Seller, and shall include an appropriate endorsement and waiver of subrogation.

(4) Developer shall comply with all of the provisions of the Workers' Compensation Insurance and Safety Acts of the State of California, the applicable provisions of Division 4 and 5 of the California Labor Code, and all amendments thereto, and all similar State or Federal acts or laws applicable, and arising thereunder. Developer shall furnish to Seller a certificate of Worker's Compensation insurance providing that the insurer shall endeavor not to cancel or modify the policy without thirty (30) days prior written notice to Seller. As an alternative, Developer may show proof of a certificate of consent to self-insure issued by the Director of Industrial Relations, pursuant to California Labor Code § 3800.

(5) Developer agrees to and shall indemnify, defend and hold harmless the Seller and its officers, agents and employees from and against all claims, demands, liabilities, losses, damages, costs, mechanics' liens, or expenses (including reasonable attorneys' fees and court costs) arising from or relating to the death of any person or any accident, injury, loss, or damage whatsoever to person or property which shall occur on the Property and which shall be directly or indirectly caused by any acts, errors or omissions of Developer or its agents, servants, employees, tenants, or contractors. Developer shall not be responsible for, and this indemnity shall not apply to, such matters to the extent caused by any willful or negligent conduct of the City or its respective agents, servants, employees, or contractors.

(6) Developer shall indemnify, hold harmless and defend the Seller, its agents, officers, and employees from any claim, action, proceeding or damages against Seller, its agents, officers, or employees to attack, set aside, void, or annul the approval by the Seller of this PSDA, any zoning entitlements, environmental clearance, permits or approvals for the Project. Further, the Developer shall indemnify, hold harmless and defend the Seller, its agents, officers, and employees from any claim, action, proceeding or damages against the Seller, its agents, officers, or employees arising out of the action, inaction or negligence of the Developer, its employees, officers, agents, contractors, subcontractors, successors or assigns in planning, engineering, constructing or in any manner carrying out the Project or any improvements required for the Project. Developer shall not be responsible for, and this indemnity shall not apply to, any of the foregoing matters to the extent caused by any willful or negligent conduct of the Seller or its agents, servants, employees, or contractors.

(7) Further, Developer shall defend at its sole expense any action brought against the Seller, its agents, officers, or employees, because of the approval of the Project or any zoning entitlement, environmental clearance, permit or other approval, or in the alternative, shall relinquish such approval, unless otherwise contemplated in this Agreement, including without limitation any claim brought by the Former Owner. The applicant shall reimburse the Seller, its agents, officers, or employees, for any Court costs and attorney's fees which the Seller, its agents, officers, or employees may be required by a court to pay as a result of such action. The Seller may, at its sole discretion, participate at its own expense in the defense of any such action but such participation shall not relieve applicant of its obligations under this Indemnity Agreement. Developer shall not be responsible for, and this indemnity shall not apply to, such matters to the extent caused by any willful or negligent conduct of the Seller or its agents, servants, employees, or contractors

(8) In the case of any such defense by Developer, Seller shall cooperate in the choice of defense counsel, but in the case of disagreement, Seller shall have the choice of choosing independent defense counsel at the cost of Developer, or in the alternative to defend itself, at the cost of Developer.

Sec. 305 Environmental Indemnity

Sec. 305.1 Environmental Release

(1) Developer, for itself and its successors and assigns, unconditionally releases Seller from and against any and all liability to Developer, both known and unknown, present and future, for Environmental Damages to Developer arising out of any violation of Environmental Requirements or the presence of Hazardous Material on, under or about the

Property (the "Environmental Release"), except to the extent of a breach by Seller of its representations and warranties set forth in Section 104.1 above. Notwithstanding the foregoing, Seller shall, within 20 days after the execution of this Agreement and at Seller's sole cost and expense, provide to Buyer a Phase 1 environmental report for the Property.

(2) With respect to the Environmental Release, Developer, after consultation with legal counsel and with full knowledge of the consequences of its actions, waives the provisions of California Civil Code Section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT BY THE DEBTOR.

Developer's Initials DKK

Sec. 305.2 Environmental Indemnity

(1) Except for a breach of Seller's representation or warranties under Section 104.1 above, Developer shall indemnify, defend, and hold Seller harmless from and against all Environmental Damages arising from the presence of any Hazardous Material at, in, on, or under the Property, or migrating off the Property (including groundwater), if such Hazardous Material was first introduced to the Property at any time, including without limitation:

(a) all claims, lawsuits, demands, obligations, investigations, damages, penalties, fines or actions by any federal, state, or local governmental agency (collectively, "Government Claims") based upon Developer's or Seller's failure to remediate the Property;

(b) all claims, lawsuits, demands, obligations, investigations, damages (including but not limited to diminution in value of property and related stigma damages, lost profits and consequential damages), penalties, fines or actions by owners and operators of adjacent and nearby properties or any other persons (collectively, "Third-Party Claims");

(c) all claims, lawsuits, demands, liabilities, damages, losses or judgments for personal injury or for injury to real or personal property;

(d) all claims, lawsuits, demands, obligations, investigations, damages, penalties, fines or actions by subsequent owners and operators of the Property or any lenders providing financing with respect to the Property arising from any underlying Government Claims under Section 305.2(1)(a), Third-Party Claims under Section 305.2(b); and/or any other claims under Section 305.2(c); and

(2) Developer's obligations under this Section 305.2 are collectively referred to in this Agreement as "Developer's Indemnity Obligations".

Sec. 305.3 Defense of Claims

Provided that Developer accepts any tender of any reasonable expense or reasonable claim by Seller without any reservation, Developer shall have the right, in consultation with Seller, to control on behalf of Seller any and all negotiations, settlement discussions, investigations, testing, defenses, trials, actions, proceedings, hearings, additional

remediation obligations, and other resolutions with all Agencies and third parties arising out of, incidental to, or in connection with Developer's performance of Developer's Indemnity Obligations. If Developer does not accept a tender of any reasonable expense or reasonable claim by Seller without reservation, (except for a breach of Seller's representation on warranties under Section 105.1 above), Seller shall be entitled to engage in all such matters described in the preceding sentence on its own account, and shall be entitled to recover from Developer the costs of engaging in such matters (including consultants' fees and reasonable attorneys' fees), provided Developer's denial of liability is adjudicated to be in violation of the terms hereof. Without limiting Developer's rights as described above, Developer shall undertake reasonable consultation with Seller with respect to matters materially involving the Property or Seller.

Sec. 305.4 Definitions

For purposes of Section 305 the following terms have the meanings indicated.

(1) "Environmental Damages" means all claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement of judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys' fees and disbursements and consultants' fees, any of which are incurred at any time as a result of the existence of Hazardous Material, prior to the Closing, upon, about, beneath the Property or migrating or threatening to migrate to or from the Property, or the existence of a violation of Environmental Requirements pertaining to the Property, regardless of whether the existence of such Hazardous Material or the violation of Environmental Requirements arose prior to the present ownership or operation of the Property, and including without limitation:

a. Damages for personal injury, or injury to property or natural resources occurring upon or off the Property, foreseeable or unforeseeable, including, without limitation, lost profits, consequential damages, the cost of demolition and rebuilding of any improvements on real property, interest and penalties;

b. Fees incurred for the services of attorneys, consultants, contractors, experts, laboratories and all other costs incurred in connection with the investigation or remediation of such Hazardous Materials or violation of Environmental Requirements including, but not limited to, the preparation of any feasibility studies or reports or the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration or monitoring work required by any federal, state or local government agency or economic use of the Property or any other property in a manner consistent with its current use or otherwise expended in connection with such conditions, and including without limitation any attorneys' fees, costs and expenses incurred in enforcing this agreement or collecting any sums due hereunder;

c. Liability to any third person or governmental agency to indemnify such person or agency for costs expended in connection with the items referenced in subparagraph (ii) herein; and

d. Diminution in the value of the Property, and damages for the loss of business and restriction on the use of or adverse impact on the marketing of rentable or usable space or of any amenity of the Property.

(2) “Environmental Requirements” means all applicable present and future statutes regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises, and similar items, of all governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment, including, without limitation:

a. All requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of Hazardous Materials, chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials or wastes whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials or wastes, whether solid, liquid, or gaseous in nature; and

b. All requirements pertaining to the protection of the health and safety of employees or the public.

(3) “Hazardous Material” means any substance:

a. the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law; or

b. which is or becomes defined as a “hazardous waste,” “hazardous substances,” pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 *et seq.*); and/or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 *et seq.*); or

c. which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of California or any political subdivision thereof; or

d. the presence of which on the Property poses or threatens to pose a hazard to the health or safety of persons on or about the Property; or

e. which contains petroleum, petroleum products or other hydrocarbon substances; or

f. which contains polychlorinated biphenyls (PCB’s), asbestos, urea formaldehyde foam insulation or radon gas.

Sec. 306 City and Other Governmental City Permits

Except for Seller's responsibilities under this Agreement, before commencement of construction or development of any buildings, structures or other work or improvement on any parcel within the Property (but not necessarily before the conveyance of title, unless such construction or development or work is to be commenced before the conveyance of title), the Developer shall, at its own expense, secure or cause to be secured any normal permits which may be required by the City or any other governmental agency affected by such construction, development or work. City shall provide appropriate assistance to Developer in securing these permits.

Sec. 307 Rights of Access

(1) For the purposes of assuring compliance with this Agreement, representatives of City shall have the reasonable right of access to the Property without charges or fees, at normal construction hours during the period of construction for the purposes of monitoring Developer's compliance with this Agreement.

(2) Additionally, representatives of the City shall have the reasonable right of access to the Property, without charges or fees, at normal construction hours during the period of construction, for the purposes contained in this Agreement, to inspect the work being performed in constructing the Improvements.

Sec. 308 Local, State and Federal Laws

(1) The Developer shall carry out the construction of all Improvements and the development of the Property in conformity with all applicable laws, including all applicable federal, state or local laws, rules or standards, provided, however, Developer and its contractors, successors, assigns and transferees, and lessees are not waiving their rights to contest any such laws, rules or standards. Developer agrees to indemnify, hold harmless and defend the Seller, its officers, employees, contractors and agents against any claim, action, proceeding, liability, damages, expenses, attorney fees, expert fees or other costs arising out of Developer's obligations under this Section 308, provided the foregoing indemnity shall not apply to any of the foregoing matters to the extent caused by any willful or negligent conduct of the Seller or its agents, servants, employees or contractors.

(2) Notwithstanding any provision of this Agreement to the contrary, Developer shall not be required to contract with or otherwise do business with any contractor that in its sole discretion seems not responsible and/or incapable of adequately performing the construction improvements.

Sec. 309 Taxes, Assessments, Encumbrances and Liens

(1) Subject to Section 205.11, Developer shall pay when due all real estate taxes and assessments on the Property levied subsequent to a conveyance of title to the Property. Developer shall not place or allow to be placed on the Property or any part thereof, any mortgage, trust deed, encumbrance or lien unauthorized by this Agreement. Developer shall remove or have removed any lien on any of the Property or portion thereof or assure the satisfaction thereof within a reasonable time, but in any event prior to a sale thereunder.

(2) If Developer or a successor, transferee, assignee, or tenant contests the validity or grant of any tax assessment, the Developer, successor, transferee, assignee or tenant shall notify the City that it intends to contest the assessment. The City shall have the right to challenge any contest of a tax assessment on the Project or Property.

Sec. 310 Resort Fees

(1) If the Development Entitlements provide for the construction of a Hotel as part of the Project, the provisions of this Section 310 shall be effective.

(2) Developer shall levy a resort fee on the Project's hotel occupants in an amount to be mutually agreed upon by Developer the City Manager, acting on behalf of the City. The amount of the resort fee over time may be revised upon the mutual written agreement of the Developer and City. Beginning the date on which the Hotel portion of the Project opens for business, one hundred percent (100%) of the proceeds of the resort fee may be retained by Developer until the first operating quarter in which Developer fully recovers their Project development costs from any and all revenue source generated from the Project (e.g. Project operating profits), or ten (10) years from the date a certificate of occupancy is issued for the Project, whichever first occurs. Thereafter, fifty percent (50%) of the resort fee proceeds received Developer in each operating quarter shall be paid to the City within thirty (30) days of the conclusion of each applicable operating quarter.

(3) For purposes of determining the quarter in which Developer fully recovers the Project development costs, and for purposes of determining the portion of the resort fee proceeds due the City, thirty (30) days after receiving a certificate of occupancy for the Project, Developer shall provide City with a Project development cost breakdown detailing all development costs, in a form approved by the City Manager, and Developer and City shall mutually agree in writing as to the total cost of developing the Project. Thereafter, and continuing for the duration of the operation of the hotel portion of the Project, within thirty (30) days of the conclusion of each operating quarter, Developer shall provide the City with a breakdown, in a form approved by the City, of the operating profits received by Developer during the immediate preceding operating quarter.

(4) Developer's total Project development cost, and the quarterly report of quarterly operating profits, shall be considered propriety confidential information, and exempt from disclosure by the City unless otherwise compelled by a Court of competent jurisdiction. The City shall have the right, upon reasonable advance notice, to audit Developer's calculation of development costs or operating profits for any given quarter, and City shall have access to such documents and information and necessary to satisfactory complete such audit. If any audit reveals that Developer has overstated development costs, or understated operating costs in any given operating quarter, Developer shall remit the balance of the resort fee proceeds due the City, in addition to a ten percent (10%) penalty of any underpaid resort fees, within ten (10) days.

SEC. 400 SECURITY FINANCING; RIGHTS OF HOLDERS

Sec. 401 No Encumbrances Except Mortgages, Deeds of Trust, Sales and Leases Back or Other Financing for Development

Mortgages, deeds of trust, sales and leases back or any other form of conveyance required for any reasonable method of financing are permitted before issuance of a Release of Construction Covenants of the construction of Improvements, but only for the purpose of securing loans of funds to be used for land and acquisition, fees, permits, consultants and for the construction of Improvements on the Site and any other expenditures necessary and appropriate to develop the Site under this Agreement. Developer shall notify the Seller in advance of any mortgage, deed of trust, sale or lease back or other form of conveyance for financing, if Developer proposes to enter into the same before issuance of a Release of Construction Covenants of the construction of the Improvements on the Site. Developer may seek conventional or non-conventional financing on the Project, including without limitation the use of funds from the EB-5 Visa Program (8 U.S.C. § 1153(b)(5)).

Sec. 402 Construction Financing

Developer shall not enter into any such conveyance for financing without the prior written approval of Seller which approval Seller agrees to give if any such conveyance for financing is given to a responsible financial or lending institution or other acceptable person or entity. Such lender must be approved in writing by the Seller, which approval shall not be unreasonably withheld or delayed.

Sec. 403 Subordination of Seller Security

(1) Any Seller financing for the acquisition of the Property or other Seller assistance shall be subordinated to construction loan financing upon terms reasonably acceptable to Seller with the prior written approval of Seller. Seller will cooperate and expedite any required approval and will not unreasonably delay or refuse such approval. Developer shall promptly notify Seller of any proposed mortgage, deed of trust, sale or lease back or other financing conveyance, encumbrance or lien to be created or attached thereto prior to completion of the construction of the improvements on the Site, whether by voluntary act of Developer or otherwise.

(2) The word "mortgage" and "deed of trust," as used herein, include all other appropriate modes of financing real estate acquisition, construction, and land development.

(3) Seller is not obligated to subordinate any Seller financing for the acquisition of the Property or other Seller assistance to any other financing other than the original financing required for acquisition of the Property or construction of the Developer Improvements.

(4) Seller has no subordination obligation as to any covenants or terms of this agreement which do not constitute a monetary lien in favor of Seller.

Sec. 404 Holder Not Obligated to Construct Improvements

The holder of any mortgage, deed of trust or other security interest authorized by this Agreement shall in no way be obligated by the provisions of this Agreement to construct or complete the Improvements or to guarantee such construction or completion; nor shall any

covenant or any other provision in the Grant Deed for the property be construed so to obligate such holder. Nothing in this Agreement shall be deemed to construe, permit, or authorize any such holder to devote the Site or any part thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

Sec. 405 Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure

Whenever Seller shall deliver any notice or demand to Developer, with respect to any breach or default by Developer in completion of construction of the Improvements, the Seller shall, at the same time, deliver to each holder of record of any mortgage, deed of trust or other security interest authorized by this Agreement who has requested in writing said notices from the Seller, a copy of such notice or demand. Developer shall have one hundred twenty (120) days after the receipt of the notice to cure or remedy any such default. Each such holder shall (insofar as the rights of Seller are concerned) have the right, at its option after the receipt of the notice or Developer's cure period, if any, to cure or remedy any such default if the right of cure is provided under the terms of the security interest. The time for Lender to cure shall be extended, if the Lender has undertaken steps to cure, in which case such time will be extended for as long as Lender reasonably needs, providing the Lender is acting diligently. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Improvements (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed Developer's remaining obligations to Seller by written agreement satisfactory to the Seller. In that event, the holder must agree to complete, in the manner provided in this Agreement, the Improvements to which the lien or title of such holder relates, and submit satisfactory evidence to Seller that it possesses the qualifications and financial resources necessary to perform such obligations. Any such holder properly completing such Improvements shall be entitled, upon written request made to Seller, to a Release of Construction Covenants from the Seller.

Sec. 406 Failure of Holder to Complete Improvements

In any case of an uncured one hundred (120) day default by Developer in completion of construction of improvements under this Agreement, if the holder of any mortgage, deed of trust or other security interest creating a lien or encumbrance upon the Site or any Parcel thereof has not thereafter timely exercised the option to construct, or if it has exercised the option and has not thereafter proceeded with construction in the manner required by this Agreement, the Seller may purchase the mortgage, deed of trust or other security interest by payment to the holder of the amount of the unpaid debt. If the ownership of the Site or any part has been vested in the holder, the Seller, if it so desires, shall be entitled to a conveyance of the Site, or any part of the Site, from the holder to the Seller upon payment to the holder of an amount equal to the sum of the following:

(1) Unpaid mortgage, deed of trust or other security interest debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection by lender and application of rentals and income received during foreclosure proceedings).

(2) All reasonable expenses with respect to foreclosure.

(3) The net expenses, if any (exclusive of overhead), incurred by the holder as a direct result of the Seller approved subsequent management of the Site or part thereof.

(4) The cost or value, whichever is less, of any Seller approved improvements made by such holder.

Sec. 407 Right of Seller to Cure Mortgage, Deed of Trust or Other Security Interest Default

In the event of an uncured default by Developer or breach of a mortgage, deed of trust or other security interest, prior to recordation of a Release of Construction Covenants for the improvements on the project Site, and the holder of any such security interest has not exercised its option to complete the development, after another advance written demand to Developer and the holder of such security interest, that the default must be cured within an additional 90 days, the Seller may cure the default prior to completion of any foreclosure. In such event, the Seller shall be entitled to reimbursement from Developer of all costs and expenses incurred by the Seller in curing the default. The Seller shall also be entitled to a lien upon the Site to the extent of such costs and disbursements. Any such lien shall be subject to mortgages, deeds of trust or other security instruments executed for the sole purpose of obtaining funds to purchase and develop the Site as authorized herein.

Sec. 408 Rights of Seller to Satisfy Other Liens on the Property After Title Passes

After the conveyance of title of the Site, prior to the recordation of a Release of Construction Covenants for construction and development, and after Developer has had reasonable time to challenge, cure or satisfy any liens or encumbrances on the Site, or any part thereof, the Seller shall have the right to satisfy any such liens or encumbrances, provided however, that nothing in this Agreement shall require Developer to pay or make provision for the payment of any tax, assessment, lien or charge as long as the Developer shall in good faith contest the validity or amount thereof, and provided such delay in payment shall not subject the Site, or part thereof, to forfeiture or sale.

Sec. 409 Estoppel

Seller shall from time to time, within fifteen (15) business days following the receipt of a request by Developer or the holder of any deed of trust or other security interest affecting the Property, deliver to Developer or such holder a written statement executed by Seller in form and substance reasonably satisfactory to Developer and such holder, (i) stating that this Agreement is in full force and effect and has not been modified or amended (or if modified or amended, setting forth all modifications and amendments), (ii) stating whether or not to the best knowledge of Seller, Developer is in default under this Agreement and if Developer is in default, setting forth the specific nature of all such defaults, and (iii) as to any other matters reasonably requested by Developer or such holder. Seller acknowledges that any statement delivered pursuant to this Section may be relied upon by any purchaser or owner of all or a portion of the Property and/or any improvements thereon or by the holder of such deed of trust or security interest or by any assignee of such holder or anyone claiming by, under or through such holder.

SEC. 500 USE OF THE SITE AND COVENANTS

Sec. 501 Uses and Covenants

(1) The Developer covenants and agrees, for itself, its successors, its assigns, and every successor in interest to the Site or any part thereof, that during construction and thereafter, the Developer, such successors and such assignees, shall devote the Site to the uses specified in the Development Entitlements, this Agreement, and the Covenants, Conditions and Restrictions (“CC&R”) on the Site. The Grant Deed(s) shall provide that Developer shall commence and complete the construction of the improvements required in the Development Entitlements.

(2) If a Hotel is constructed and/or operated as a portion of the Project, Developer warrants and represents that the tenant of the Hotel shall be listed in the “Luxury,” “Upper Upscale,” or “Upscale” categories of establishments in the “2015 STR U.S. Chain Scales”, attached as **Attachment No. 9 (“Approved Hotel”)**, or an establishment of equal or greater quality to those listed and agreed to in writing by the City. If, despite Developer’s best efforts, as judged in the discretion of the City, Developer is unable to secure an Approved Hotel for the Project, City, in its discretion, may approve in writing an alternative tenant of the Hotel portion of the Project.

(3) If a full service restaurant is constructed and/or operated as a portion of the Project, Developer warrants and represents that the restaurant tenant shall be an establishment listed in **Attachment No. 10** hereto (“**Approved Eatery**”), or an establishment of equal or greater quality to those listed, as agreed in writing by the City. If, despite Developer’s best efforts, as judged in the discretion of the City, Developer is unable to secure an Approved Eatery for the Project, City, in its discretion, may approve in writing an alternative tenant of the full service restaurant portion of the Project.

(4) The Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest or any part thereof, that Developer, such successors and such assignees, shall devote the project Site, to the uses and tenants specified in the Development Entitlements and this Agreement for a period of twenty (20) years, commencing the date of Closing of Escrow, unless a change of use or tenant is approved by the City in writing and in the exercise of its sole discretion. City covenants and agrees for itself, its successors, its assigns, and every successor in interest or any part thereof, that City, such successors, and such assignees, shall allow the uses specified in the Development Entitlements and this Agreement for a period of fifty (50) years, commencing the date of the issuance of the first Certificate of Occupancy or other similar document by the City, unless a change of use is requested by the Developer and/or any successor to the Developer, and such change of use is approved by the City in writing. These covenants shall run with the land.

(3) After issuance of a Release of Construction Covenants for all or a portion of such improvements, Developer may alter, modify, or replace such improvements, provided that such changes are consistent with the Development Entitlements and this Agreement. Any change in use inconsistent with the Development Entitlements, this Agreement, or the Grant Deed(s), shall not be permitted without the prior written approval of the City of Montebello, which such approval may be withheld in the sole and absolute discretion of the City.

Sec. 502**Obligation to Refrain from Discrimination**

(1) There shall be no discrimination against or segregation of any person, a group of persons, on account of race, color, religion, marital status, disability, age, national origin or ancestry in the construction, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall the Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site.

Sec. 503**Form of Nondiscrimination and Non-segregation Clauses**

(1) The Developer covenants by and for itself and any successor in interest that there shall be no discrimination against, or segregation of, any persons, or groups or persons, on account of sex, race, color, creed, marital status, religion, handicap, national origin or ancestry in the enjoyment of the Site, nor shall the Developer itself, or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site or any portion thereof. The foregoing covenants shall run with the land and shall remain in effect in perpetuity.

(2) The Developer shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, creed, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall be subject to and shall contain substantially the following nondiscrimination or non-segregation clauses:

(a) In deeds:

"The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases:

"The lessee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through him, and this lease is made and accepted upon and subject to the following conditions:

There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

(c) In contracts:

"There shall be no discrimination against or segregation of any person, or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin, in the sale, lease, transfer, use, occupancy, tenure or enjoyment of land, nor shall the transferee himself or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of premises."

Sec. 504 Intentionally Omitted

Sec. 505 Release of Construction Covenants

(1) Promptly after issuance of the certificate of occupancy for all of the buildings on the Property, City shall furnish Developer with a "**Release of Construction Covenants**" in a form consistent with **Attachment No. 7**, upon written request therefore by Developer. The City shall not unreasonably withhold such Release of Construction Covenants. Such Release of Construction Covenants shall provide that satisfactory completion of the construction required by this Agreement and all other performance required by Developer under this Agreement has been conclusively determined by the City.

(2) The Release of Construction Covenants shall be in such form as to permit it to be recorded in the Recorder's Office of Los Angeles County.

(3) Such Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of any mortgage or any insurer of a mortgage securing money loaned to finance the improvements, or any part thereof. Such Release of Construction Covenants is not Notice of Completion as referred to in the California Civil Code § 3093.

Sec. 506 Effect and Duration of Covenants

(1) The covenants established in this Agreement and the deeds shall, without regard to technical classification and designation, be binding upon and inure to the benefit and in favor of the City, its successors and assigns, the City and any heirs, transferees, assignees or successor in interest to the Site. The covenants against discrimination shall also be binding for the benefit and in favor of the State of California and the City. The covenants contained in this Agreement at Section 501 shall remain in effect as stated in Section 501 however for a period of not less than twenty (20) years from the issuance of the Release of Construction Covenants. The non-discrimination covenants contained in this Agreement at Section 502 and 503 and in the deeds shall remain in effect in perpetuity from the date of execution of this Agreement.

(2) Breach of any of the covenants or provisions contained in this Agreement shall not give rise to any right of reverter, to any estate of reverter, nor to any right of reentry or forfeiture of the Site or any part thereof, or of any land in the Project Area, or to any successor assignee in interest in the property or any part thereof or any interest therein.

(3) The City is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided.

The Agreement and the covenants shall run in favor of the City, without regard to whether the City has been, remains or is an owner of any land or interest therein in the Site or in the Project Area. Except as expressly limited by the terms of this Agreement, the City shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other named beneficiaries of this Agreement and covenants may be entitled; provided, however, prior to Close of Escrow City's sole and exclusive right is to terminate this Agreement and receive as liquidated damages the Escrow Deposit. The provisions of this Agreement do not create any rights except in the City and State of California as named beneficiaries.

(4) The covenants in favor of the City shall run with the land without regard to whether the City has been, remains, or is an owner of any land or interest therein in the Site or in the Project Area. The City shall have the right, if this Agreement or any covenants set forth are breached, to commence an action for specific performance of the terms of this Section.

SEC. 600 DEFAULTS AND REMEDIES

Sec. 601 Defaults—General

(1) Subject to the extensions of time set forth in Section 703, unexcused and uncured failure or delay by either party to perform any material term or provision of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately cure, correct, or remedy such failure or delay.

(2) The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, and except as otherwise expressly provided in Section 603 of this Agreement, the injured party may not institute proceedings against the party in default until at least sixty (60) days after giving such notice unless otherwise stated in this Agreement. Delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

(3) Except as otherwise expressly provided in this Agreement, any failures or delays by either party in asserting any of its rights and remedies as to any default, shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

Sec. 602 Legal Actions

Sec. 602.1 Institution of Legal Actions

Any legal actions in connection with the enforcement or interpretation of this Agreement must be instituted in the Superior Court of the County of Los Angeles, State of California, East District, in an appropriate municipal court in that county, or in the Central Federal District Court of California.

Sec. 602.2 Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

Sec. 602.3 Acceptance of Service of Process

(1) In the event that any legal action is commenced by Developer against Seller, service of process on the Seller shall be made by personal service upon the City Manager or in such other manner as may be provided by law.

(2) In the event that any legal action is commenced by Seller against the Developer, service of process on Developer shall be made by personal service and shall be valid whether made within or without the State of California or in such other manner as may be provided by law.

Sec. 603 Rights and Remedies Are Cumulative

Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

Sec. 604 Remedies and Rights of Termination Prior to Conveyance

Sec. 604.1 Termination by Developer

In the event that the Seller by default does not tender conveyance of title to the Site, or possession thereof, in the manner and condition, and by the dates provided in this Agreement, and any such failure is not cured within thirty (30) days after the date of written demand by Developer, the Agreement may then, at the option of Developer, be terminated by written notice thereof to the Seller, and neither the Seller nor Developer shall have any further rights or remedies against or liability to the other under this Agreement with respect to said Site, except that the Seller will return the Developer's Escrow Deposit and Performance Deposit to Developer. Alternatively, Developer shall be entitled to seek specific performance of the obligations of Seller under this Agreement.

Sec. 604.2 Termination by Seller

(1) Except as otherwise provided in any automatic termination provision of this Agreement or any Attachments to this Agreement, the City may terminate this Agreement if, after sixty (60) days written notice, any of the following defaults exist prior to the conveyance of title to Developer:

(a) Developer (or any successor in interest) wrongfully assigns or attempts to assign this Agreement or any rights therein, or in the Site or part thereof;

(b) Developer fails to perform in accordance with the Schedule of Performance; or

(c) Developer does not pay the Purchase Price and take title upon tender of conveyance by the City pursuant to this Agreement.

(2) If any default or failure referred to in subdivisions (a) through (c) inclusive of this Section shall not be cured within ninety (90) days after the date of written demand, by Seller, then this Agreement with respect to the Property and any rights of Developer or any assignee or transferee in this Agreement, pertaining thereto or arising therefrom, with respect to Seller, may, at the option of the Seller and as its sole and exclusive remedy, be terminated by Seller, in which event, Developer (or assignee or transferee) shall have no further rights against the Seller under this Agreement. In the event of termination, pursuant to paragraphs (a) through (c) above, the Developer's Deposit shall be retained by the Seller as liquidated damages and as its property without deduction, offset, or recoupment whatsoever, and Developer (or assignee or transferee) shall have no further rights under the Agreement with respect to the Site, and any improvements to be developed and constructed thereon, and Developer shall have no other or further liability under this Agreement.

(3) The right of termination and retention of the Developer's Escrow Deposit as liquidated damages shall be Seller's sole and exclusive remedy against Developer in the event of Developer's default or failure as provided above prior to conveyance of title to the Site. Developer recognizes that Developer's prompt purchase and development of the Site, in accordance with this Agreement, is of critical importance to the Seller's ability to carry out its other activities within the Seller.

Sec. 605 Remedies of Seller for Default by Developer After Passage of Title and Prior to Completion of Construction

Sec. 605.1 Termination and Damages

After conveyance of title to the Site and prior to recordation of a Release of Construction Covenants, if the Developer defaults with regard to any provision of this Agreement, the Seller shall serve written notice of such default upon the Developer. If the default is not cured, or substantially commenced to be cured, by the Developer within one hundred eighty (180) days after service of the notice thereof by the Seller, the Developer shall be liable to the Seller for the liquidated damages set forth in the Schedule of Performance.

Sec. 605.2 Waiver of Action for Specific Performance

Seller hereby waives any action for specific performance of the obligations of Developer under this Agreement which are to be performed after conveyance of title to the Property to Developer.

Sec. 605.3 Limitation of Damages

Damages to Seller or Developer arising out of breach of this Agreement are limited to direct damages and out of pocket costs. Recoverable damages do not include, lost time, lost productivity, delay damages, overhead, lost profits or any other indirect damages. Due to the uncertainty of the provisions of the Dissolution Law regarding the disposition of property owned by the former Agency, the City shall have no liability for failing to properly comply with

the provisions of the Dissolution Law or any other redevelopment agency dissolution laws, provided the Seller uses good faith efforts to comply with such laws.

SEC. 700 GENERAL PROVISIONS

Sec. 701 Notices, Demands and Communications Between the Parties

(1) Written notices, demands and communications between the Seller and the Developer shall be sufficiently given if delivered by hand (and a receipt thereof is obtained or is refused to be given), if dispatched by registered or certified mail, postage prepaid, return receipt requested, addressed to the designated person or persons at the principal offices of the Seller and the Developer, as set forth in this Agreement, or be given by way nationally recognized overnight delivery service. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section.

(2) Any written notice, demand or communication shall be deemed received immediately if delivered by hand or messenger; three (3) business days from certification of date received if delivered by registered or certified mail; and the next business day if sent by Federal Express or other nationally recognized overnight delivery service.

Sec. 702 Conflicts of Interest

No member, official or employee of the Seller shall have any personal interest, direct or indirect, in this Agreement, nor shall any member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested. No member, official or employee of the Seller shall be personally liable to Developer, or any successor in interest, in the event of any default or breach by the Seller, or for any amount which may become due to the Developer or successor or on any obligations under the terms of this Agreement. The Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

Sec. 703 Enforced Delay; Extension of Times of Performance

(1) In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts of omissions of the other party; acts or failures to act of the Seller or any other public or governmental agency or entity (except acts or failures to act of the Seller which shall not excuse performance by the Seller); or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of cessation of the cause, if notice by the party claiming such extension is sent to the other party within ninety (90) days of the commencement of the cause or

if the other party had actual notice of the delay. Times of performance under this Agreement may also be extended in writing by the mutual agreement of the Seller and Developer.

(2) Notwithstanding the foregoing portion of this Section, Developer is not entitled, pursuant to this Section, to an extension of time to perform because of past, present, or future difficulty in obtaining suitable temporary or permanent financing for the development of the Site, unless such delay is caused by Seller's refusal to amend this Agreement or accept the reasonable and customary requests of the Developer's lender.

Sec. 704 Non-Liability of Officials and Employees of the Seller

No member, official or employee of the Seller shall be personally liable to Developer or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to Developer or its successors, or on any obligations under the terms of this Agreement.

SEC. 800 [INTENTIONALLY OMITTED]

SEC. 900 SPECIAL PROVISIONS

Sec. 901 Submission of Documents to the City for Approval

Wherever this Agreement requires any party to approve any contract, document, plan, specification, drawing or other matter, such approval shall be given in a prompt and timely manner in writing and shall not be unreasonably withheld. If a disapproval is given, the reasons for such disapproval must also be given in writing.

Sec. 902 Amendments to this Agreement

Developer and Seller agree to mutually consider reasonable requests for amendments to this Agreement, which may be made by lending institutions or Seller's bond counsel or financial consultants, provided said requests are consistent with this Agreement and would not substantially alter the basic business terms included herein. Seller shall not request any additional deposits or increase the purchase price for any requests for amendments under this Section 902.

Sec. 903 Operating Memoranda

It is recognized that performance under this Agreement will require a considerable degree of cooperation between the Seller and Developer. It is further realized that subsequent events may demonstrate that revisions will be required in the performance hereunder, and that a certain degree of flexibility will be required. It is to preserve such flexibility that certain provisions may have been delineated in this Agreement in general terms only, with the understanding that more precise details may be sent forth in "Operating Memoranda" as may be required from time to time. Each operating memorandum shall be approved by the City Council or City Manager and Developer's designated representative and shall be attached hereto as an addendum, and become a part hereof, and may be further changed and amended from time to time as necessary upon approval by the Seller and Developer.

Sec. 904 Real Estate Commissions

The Seller and the Developer each agrees to hold harmless the other party from any real estate commissions or fees alleged to be due to any person claiming by or through the indemnitor.

Sec. 905 Survivor Provisions

After issuance of a Release of Construction Covenants, with regard to any parcel or any building, all of the terms, covenants, agreements, or conditions set forth in this Agreement, relating to such parcel or building, shall cease and terminate except as otherwise provided in this Agreement. Notwithstanding anything to the contrary contained in this Agreement, Developer shall be liable only for breaches of this Agreement (or breaches of the covenants and conditions imposed upon the Property and Developer) that survive close of escrow during the period of Developer's ownership of the Property.

Sec. 906 Reservation of Discretion

(1) The Parties agree and acknowledge that nothing in this Agreement in any respect does or shall be construed to affect or prejudice the exercise of the Seller's discretion concerning consideration of any submittal by the Developer or any other party. Further, nothing in this Agreement in any respect does or shall be construed to affect or prejudice the Seller's discretion to consider, negotiate, or undertake the Project or any required approvals necessary by the laws, rules, and regulations governing the development of property.

(2) By its execution of this Agreement, the Seller is not committing itself to or agreeing to undertake any other acts or activities requiring the subsequent independent exercise of discretion by the Seller, or any department thereof. Except as specifically provided in this Agreement, the Seller shall not be responsible for any costs or expenses incurred by the Developer pursuant to this Agreement, nor shall the Seller be responsible for any potential lost profits of the Developer.

(3) Developer is aware, understands, and acknowledges that City is by law required to exercise their sole unfettered discretion in approving or denying any land use, development or building permit approvals required for the Project. Neither this Agreement nor any other agreement with Developer obligates the City to approve, disapprove or consider the Development Entitlements for the Project in a particular manner.

Sec. 907 Costs and Attorneys' Fees.

In any action between the Parties to interpret, enforce, reform, modify, rescind, or otherwise dispute any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs, expert fees and reasonable attorneys' fees.

SEC. 1000 ENTIRE AGREEMENT, WAIVERS

(1) This Agreement is executed in four (4) duplicate originals, each of which is deemed to be an original. This Agreement constitutes the entire Agreement and the

understanding of the parties. The Attachments shall be a part of this Agreement, but if the Attachments conflict with this Agreement, then the provisions of this Agreement shall prevail.

(2) This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

(3) The waivers of the provisions of this Agreement must be in writing and executed by the appropriate authorities of the Seller and Developer, and all amendments hereto must be in writing, approved by the City Council and Successor Agency and executed by the appropriate authorities of the Seller and Developer.

(4) Developer acknowledges that it has had ample opportunity for review and approval of this document by its attorney, and that any waiver of representation is a result of independent decision. Developer further acknowledges that City Council and Successor Agency are acting solely on behalf of the Seller.

SEC. 1100 TIME FOR ACCEPTANCE OF AGREEMENT

This Agreement shall be executed by Developer prior to approval by City.

IN WITNESS WHEREOF, the City and the Developer have signed this Agreement on the date set forth herein below.

CITY OF MONTEBELLO AND THE
SUCCESSOR AGENCY TO THE FORMER
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF MONTEBELLO

By: _____

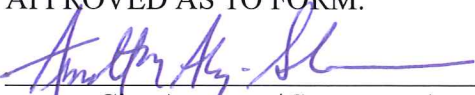
Date: _____

ATTEST



City Clerk / Successor Agency Secretary

APPROVED AS TO FORM:



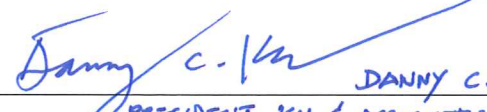
City Attorney / Successor Agency
Counsel

"DEVELOPER"

Ku & Associates, a California corporation

By: _____

Date: _____

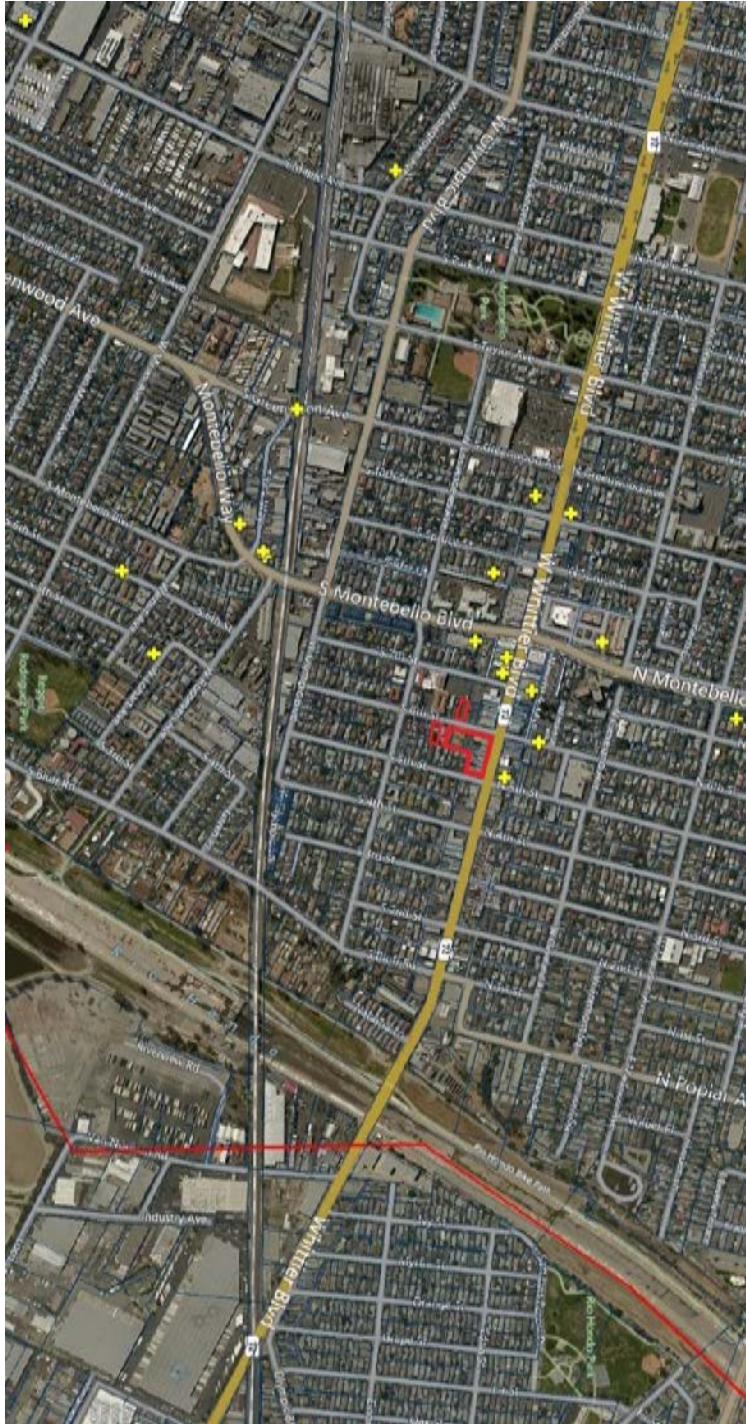


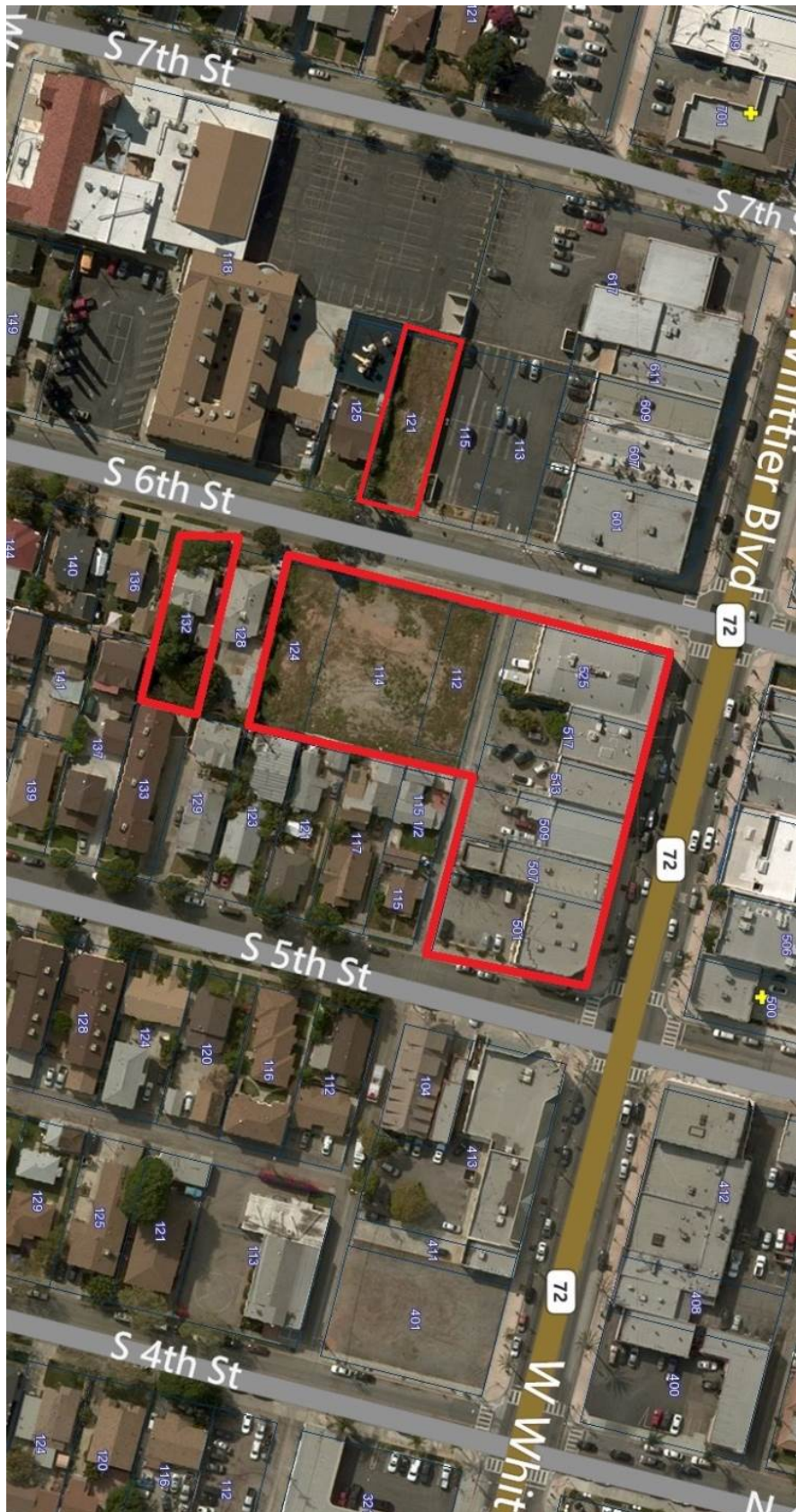
DANNY C. KU
PRESIDENT, KU & ASSOCIATES, INC.

Feb. 24, 2016

ATTACHMENT NO. 1

SITE MAP OF PROPERTY





ATTACHMENT NO. 2

LEGAL DESCRIPTION OF THE "PROPERTY"

The real property situated in the City of Montebello, County of Los Angeles, State of California, containing approximately 1.8 acres, as shown in **Attachment 1**, and containing the Developer Properties, City Property, Housing Property, the SA Property, and the Alley Portions, described as follows:

DEVELOPER PROPERTY:

Portion of Lot 21 and Lot 22 and the Northerly 44 Feet of Lot 19, of Addition No. 1 to the Town of Newmark Tract.

CITY PROPERTY:

The Southerly 44 Feet of Lot 19, of Addition No. 1 to the Town of Newmark Tract.

HOUSING PROPERTY

Portion of Lot 20, of Addition No. 1 to the Town of Newmark Tract.

SA PROPERTY

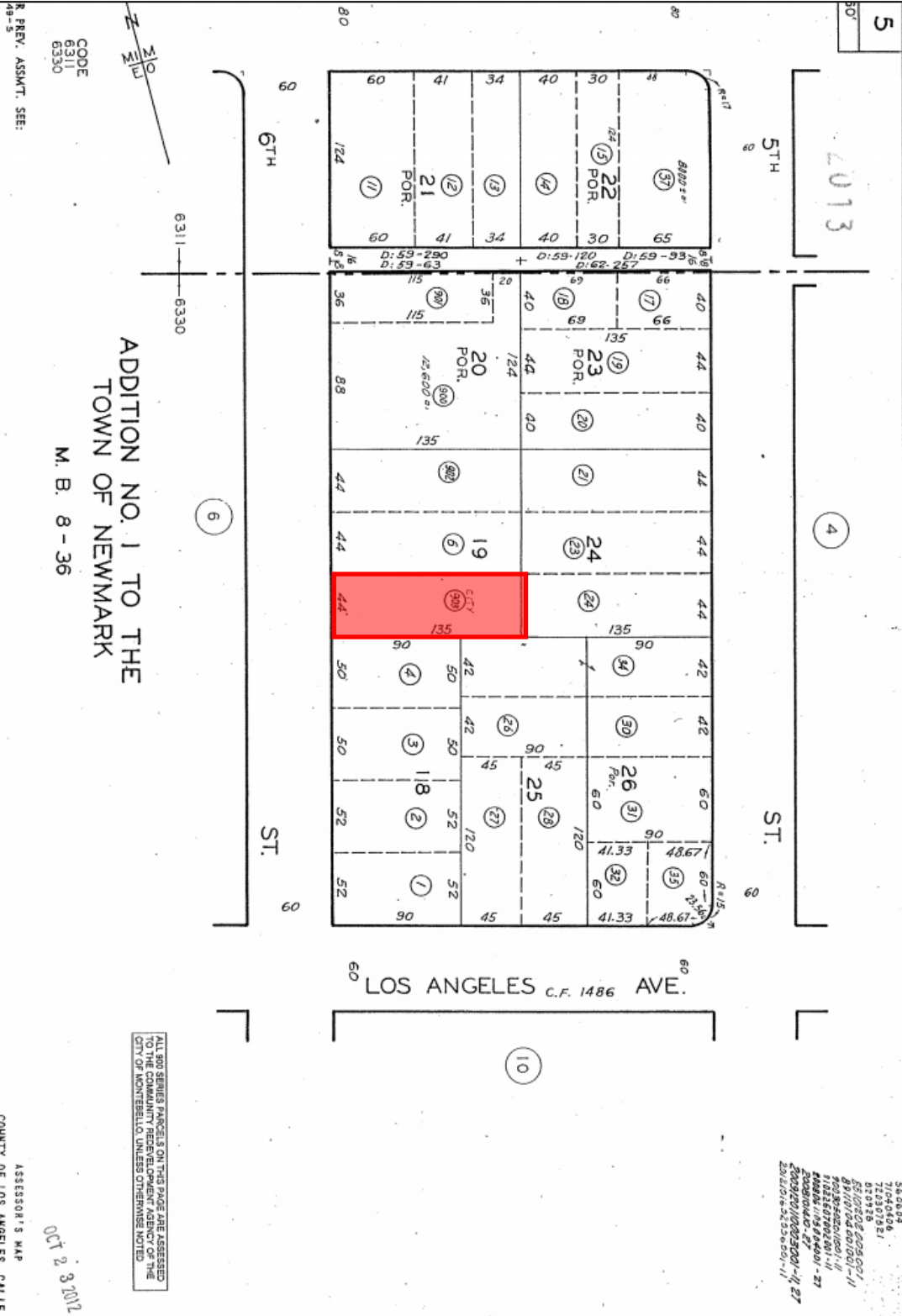
The Southerly 44 Feet of Lot 3, of Addition No. 1 to the Town of Newmark Tract.

ALLEY PORTIONS:

The Alley approximately 16' by 135' located westerly of the northerly prolongation of that portion of the lot described as Portion of Lot 20, Addition No. 1 to the Town of Newmark Tract.

ATTACHMENT NO. 2-A
DEPICTION OF THE CITY PROPERTY

Attachment 2-A City Property



ATTACHMENT NO. 2-B
DEPICTION OF THE HOUSING PROPERTY

ATTACHMENT NO. 2-C
DEPICTION OF SA PROPERTY

Attachment 2-C

SA Property



ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED
TO CITY OF MONTEBELLO REDEVELOPMENT AGENCY,
UNLESS OTHERWISE NOTED

ATTACHMENT NO. 2-D
DEPICTION OF DEVELOPER PROPERTY

ATTACHMENT NO. 2-E
DEPICTION OF ALLEY PORTIONS

ATTACHMENT NO. 3

GRANT DEED [FORM FOR CITY AND HOUSING PROPERTY]

WHEN RECORDED RETURN TO

MAIL TAX STATEMENTS TO:

THE AREA ABOVE IS RESERVED FOR RECORDER'S USE

No recording fee required; this document exempt from fee pursuant to Government Code Section 27383

GRANT DEED

RECITALS:

1. The property commonly known as 132 South 6th Street, Montebello, California, is owned by the City of Montebello ("**City Property**"), and the properties commonly known as 112, 114-116, and 124 South 6th Street, Montebello, California ("**Housing Property**") were formerly owned by the Community Redevelopment Agency of the City of Montebello. The City Property and the SA City Property are legally described on Exhibit "A" attached hereto and incorporated herein by reference.
2. As part of the 2011-12 State budget bill, the California Legislature enacted, and the Governor signed AB X1 26 ("**AB 26**", as amended from time to time the "**Dissolution Law**") requiring that each redevelopment agency be dissolved.
3. The City Council of the City of Montebello on _____, adopted City Council Resolution No. _____ electing to perform the affordable housing functions of the former Montebello Redevelopment Agency and assuming all the rights, powers, duties, obligations and housing assets, including real property, of the former Montebello Redevelopment Agency pursuant to California Health and Safety Code Section 34176.
4. The City has determined that the Housing Property was purchased with federal affordable housing grant funds in the amount of \$980,000, and are therefore housing assets which should be

transferred from the Montebello Successor Agency to the City acting in its capacity as the Montebello Housing Successor Agency.

5. On October 14, 2015, the Montebello Successor Agency adopted Resolution No. _____ transferring the Housing Property to City acting as the Montebello Housing Successor Agency in accordance with California Health and Safety Code Section 34176. Prior to such transfer, the action was approved by the Montebello Oversight Board and California Department of Finance pursuant to California Health and Safety Code Sections 34181(c) and 34181(f).

6. The City of Montebello acting as the Montebello Housing Successor Agency is the current legal owner of the Housing Property, and the City of Montebello in its general law capacity is the current owner of the City Property.

For a valuable consideration, receipt of which is hereby acknowledged,

THE CITY OF MONTEBELLO ("**Grantor**"), hereby grants to KU & ASSOCIATES, INC., a California limited liability company ("**Grantee**"), that certain real property described in Exhibit "A" attached hereto and incorporated herein by this reference ("**Property**").

1. The Grantee covenants and agrees to use, occupy and maintain the Property only for the construction and operation of uses permitted by the applicable zoning of the City of Montebello, and related on- and off-site improvements, as set forth in that certain Purchase, Sale and Development Agreement, dated _____, (the "PSDA") between Grantor and Grantee.

3. Developer covenants and agrees to comply with all of the covenants contained in the PSDA, and specifically those covenants contained in the PSDA.

4. The Grantee covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Grantee itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use of occupancy of tenants, lessees, subtenants, sublessees or vendees in the Property.

5. In the event of any express conflict between this Grant Deed and the PSDA, the provisions of this Grant Deed shall control.

6. The Covenants and Conditions of this Grant Deed shall be deemed to be covenants running with the land and shall bind future purchasers, encumbrances and transferees. Notwithstanding anything to the contrary contained herein, Grantee shall be liable only for breaches of the Covenants and Conditions of this Grant Deed that occur during Grantee's ownership of the Property.

[SIGNATURES ON FOLLOWING PAGE]

Executed on _____, in _____, California.

CITY OF MONTEBELLO

By: _____

ATTEST:

Approved as to form:

City Clerk

City Attorney

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

State of California)
)
County of _____)

On _____ before me, _____ (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

GRANTEE'S ACCEPTANCE OF CONDITIONS, COVENANTS AND RESTRICTIONS

The provisions of this Grant Deed are hereby approved and accepted.

DEVELOPER

KU & ASSOCIATES, INC., a California
corporation

By: _____

Date: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

State of California)
)
County of _____)

On _____ before me, _____ (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit "A" to Grant Deed
LEGAL DESCRIPTION

CITY PROPERTY:

The Southerly 44 Feet of Lot 19, of Addition No. 1 to the Town of Newmark Tract.

HOUSING PROPERTY

Portion of Lot 20, of Addition No. 1 to the Town of Newmark Tract.

GRANT DEED [FORM FOR SUCCESSOR AGENCY PROPERTY]

WHEN RECORDED RETURN TO

MAIL TAX STATEMENTS TO:

THE AREA ABOVE IS RESERVED FOR RECORDER'S USE

No recording fee required; this document exempt from fee pursuant to Government Code Section 27383

GRANT DEED

RECITALS:

1. The property commonly known as 121 South 6th Street, Montebello, California ("**SA Property**") was formerly owned by the Montebello Redevelopment Agency. The SA Property is legally described on Exhibit "A" attached hereto and incorporated herein by reference.
2. As part of the 2011-12 State budget bill, the California Legislature enacted, and the Governor signed AB X1 26 ("**AB 26**", as amended from time to time the "**Dissolution Law**") requiring that each redevelopment agency be dissolved.
3. In accordance with the requirements of the Dissolution Law, the City Council of the City of Montebello ("**City**") on _____, adopted City Council Resolution No. _____ electing to become the Successor Agency ("**Successor Agency**") to the former Community Redevelopment Agency of the City of Montebello.
4. By virtue of the Dissolution Law, all real properties of the former Community Redevelopment Agency of the City of Montebello were transferred to the control of the Successor Agency for disposition and management in accordance with the Dissolution Law.
5. The Montebello Oversight Board and the California Department of Finance have approved the transfer the SA Property as provided for in this Grant Deed in accordance with the mandates of the Dissolution Law.

For a valuable consideration, receipt of which is hereby acknowledged,

THE SUCCESSOR AGENCY TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO ("**Grantor**"), hereby grants to KU & ASSOCIATES, INC., a California limited liability company ("**Grantee**"), that certain real property described in Exhibit "A" attached hereto and incorporated herein by this reference ("**Property**").

1. The Grantee covenants and agrees to use, occupy and maintain the Property only for the construction and operation of uses permitted by the applicable zoning of the City of Montebello, and related on- and off-site improvements, as set forth in that certain Purchase, Sale and Development Agreement, dated _____, (the "PSDA") between Grantor and Grantee.

2. Developer covenants and agrees to comply with all of the covenants contained in the PSDA, and specifically those covenants contained in the PSDA.

3. The Grantee covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Grantee itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use of occupancy of tenants, lessees, subtenants, sublessees or vendees in the Property.

4. In the event of any express conflict between this Grant Deed and the PSDA, the provisions of this Grant Deed shall control.

5. The Covenants and Conditions of this Grant Deed shall be deemed to be covenants running with the land and shall bind future purchasers, encumbrances and transferees. Notwithstanding anything to the contrary contained herein, Grantee shall be liable only for breaches of the Covenants and Conditions of this Grant Deed that occur during Grantee's ownership of the Property.

Executed on _____, in _____, California.

SUCCESSOR AGENCY TO THE FORMER
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF MONTEBELLO

By: _____

ATTEST:

Approved as to form:

City Clerk

General Counsel

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

State of California)
)
County of _____)

On _____ before me, _____ (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

GRANTEE'S ACCEPTANCE OF CONDITIONS, COVENANTS AND RESTRICTIONS

The provisions of this Grant Deed are hereby approved and accepted.

DEVELOPER

KU & ASSOCIATES, INC., a California
corporation

By: _____

Date: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

State of California)

)

County of _____)

On _____ before me, _____ (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit "A" to Grant Deed

LEGAL DESCRIPTION

**THE SOUTHEASERTLY 44 FEET OF PORTION OF LOT 3, ADDITION NO. 1 TO
THE TOWN OF NEWMARK TRACT**

ATTACHMENT NO. 4

MEMORANDUM OF PSDA

WHEN RECORDED RETURN TO

MAIL TAX STATEMENTS TO:

THE AREA ABOVE IS RESERVED FOR RECORDER'S USE

No recording fee required; this document exempt from
fee pursuant to Section 27383 of the California
Government Code

MEMORANDUM OF PURCHASE, SALE AND DEVELOPMENT AGREEMENT

This Memorandum of Purchase, Sale and Development Agreement is recorded to give notice of that certain Purchase, Sale and Development Agreement ("**PSDA**") dated _____, 2015, and any subsequent amendments, by and between THE CITY OF MONTEBELLO AND THE SUCCESSOR AGENCY TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO ("**City**") and KU & ASSOCIATES, a California corporation ("**Developer**")

This PSDA concerns and affects the property described in Exhibit "A" attached hereto and incorporated herein by reference ("**Property**").

All of the terms and conditions of the PSDA are incorporated into this Memorandum of Disposition and Development Agreement.

The PSDA, and any subsequent amendments, contain provisions that may affect the development, operation and management of the Property.

IN WITNESS WHEREOF, the Parties hereto have executed this Memorandum on the same date as that of the Agreement first written above.

“CITY”

City Of Montebello and the Successor Agency to
the Former Community Redevelopment Agency
of the City of Montebello

By: _____

Date: _____ By: _____

Date: _____

Attest:

City Clerk

State of California)
)
County of _____)

On _____ before me, _____ (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

State of California)
)
County of _____)

On _____ before me, _____ (here insert name and title of the officer), personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT "A" TO MEMORANDUM OF PSDA

Legal Description of Property

Portion of Lot 21 and Lot 22 and the Northerly 44 Feet of the Portion of Lot 19, Addition No. 1 To The Town of Newmark Tract.

The Southerly 44 Feet of Lot 19, of Addition No. 1 To the Town of Newmark Tract.

Portion of Lot 20, of Addition No. 1 To The Town of Newmark Tract.

The Southeasterly 44 Feet of Portion of Lot 3, Addition No. 1 To The Town of Newmark Tract.

The Alley Approximately 16' x 135' Located Westerly of the Northerly Prolongation Of That Portion of the Lot Described As Portion of Lot 20, Addition No. 1 to the Town of Newmark Tract.

ATTACHMENT NO. 5

SCOPE OF DEVELOPMENT

The construction of a six story mixed use six (6) story building consisting of a 130 room hotel and approximately 3,300 square feet of full service restaurant area, and 45 new residential condominium units. A total of 8,500 square feet of retail and casual fast food dining (consisting of the 3,300 square feet of full service restaurant area, and additional 3,600 square feet of restaurant area, and 1,600 square feet of retail) will be located in store fronts along Whittier Boulevard. The planned development would allow the hotel to have 130 rooms, 45 new residential condominium units, approximately 6,900 square feet total restaurant use, and approximately 1,600 square feet of retail use. Parking will consist of two levels with 229 on-site parking spaces and 87 off-site parking spaces for a total of 316 parking spaces.

The foregoing Scope of Development and the improvements described shall not limit the City's discretion to approve an alternative Scope of Development and improvements for the Site, and the final Scope of Development and Project improvements shall be as set forth in the Development Entitlements and other permits / approvals approved by the City in its sole and absolute discretion.

ATTACHMENT NO. 6

SCHEDULE OF PERFORMANCE

EVENT	TIME	ACTUAL DATE
Developer signs PSDA**	At least five (5) days following receipt of final version of PSDA	
City signs PSDA	Within ten (10) days from receipt of signed PSDA from Developer.	
Open Escrow**	Within fifteen (15) days from full execution of PSDA.	
Developer's Escrow Deposit (\$25,000.00)**	Upon the opening of escrow.	
City provides Surplus Land Act notices to Developer	With three (3) days after opening of escrow.	
Escrow Agency indicates and delivers to Seller and Buyer acceptance of escrow provisions.	Within five (5) business days of opening of escrow.	

EVENT	TIME	ACTUAL DATE
Seller delivers to Developer preliminary title report covering the Property.	Within ten days (10) of the opening of the escrow.	
Developer submits to City preliminary evidence of financing	Within ninety (90) days after opening of escrow.	
Expiration of Developer's Due Diligence Period	Later of one hundred eighty (180) days after: (a) opening of escrow or; (b) final approval by City of CEQA documentation.	
Developer submits to City Manager proposed Construction Plan **	No later than sixty (60) days prior to the close of escrow.	
Parties finalize Construction Plan	Prior to close of escrow.	
City vacation of the Alley Portions**	Prior to close of escrow.	
Vacation of Former Owner from the City Property and recording of Final Tract / Parcel Map**	Prior to close of escrow	
Developer obtains entitlements for Project and City approval of CEQA documents**	Prior to close of escrow.	

EVENT	TIME	ACTUAL DATE
Montebello Oversight approval of Agreement**	Prior to close of escrow.	
City's compliance with Surplus Land Act with respect to City and Housing Properties**	Prior to close of escrow.	
Developer obtains and submits to City final loan documents / evidence of financing **	At least five (5) business days prior to close of escrow.	
City Manager gives written approval of final loan documents / evidence of financing.	Within two (2) business days after receipt of final loan documents / evidence of financing from Developer.	
Developer deposits balance of Purchase Price into escrow (\$955,000.00)**	Two (2) business days prior to the close of escrow	
Seller deposits Grant Deed(s) to Property into escrow	At least two (2) business days prior to close of escrow, unless extended by mutual agreement.	
Recording of Memorandum of PSDA	At close of escrow.	

EVENT	TIME	ACTUAL DATE
Recordation of use CC&R's on Property	At close of escrow.	
Close Escrow**	No later than 270 days after Oversight Board approves transfer of the SA property.	
Developer obtains building permits for the first phase of construction of the Project***	Within two hundred seventy (270) days after close of escrow.	
Developer obtains and provides to City proof of insurance***	Prior to commencement of construction.	
Developer completes first phase of construction of the Project ***	Within twenty four (24) months from obtaining building permits for first phase of construction.	
Developer obtains Certificate of Occupancy for first phase of construction***	Within thirty (30) months from obtaining building permits for first phase of construction.	
Developer obtains building permits for the last phase of construction***	Within twenty four (24) months from the Close of Escrow	
Development completes the last phase of construction***	Within twenty four (24) months from obtaining building permits for the last phase of construction	

EVENT	TIME	ACTUAL DATE
Developer obtains Certificate of Occupancy for all of the Project ***	Within thirty (30) months from obtaining project building permits of the last phase of construction.	
City issues Release of Construction Covenants	Promptly after issuance of Certificate of Occupancy for all of Project.	

** If the specified performance is not completed by the indicated date, this Agreement shall automatically terminate, unless the parties agree in a separate writing to extend the time of performance.

*** If the specified performance is not performed by the indicated date, and the delay in performance is caused by the Developer, then the Developer shall pay to City as liquidated damages the sum of \$250 per calendar day as damages for delay, which sum the Parties agree is a reasonable sum considering all of the circumstances existing on the date of this Agreement, including the relationship of the sum to the range of harm to City that reasonably could be anticipated and the anticipation that proof of actual damages would be costly or inconvenient. In placing their initials at the place provided, each Party specifically confirms the accuracy of the statements made above and the fact that each Party was represented by counsel who explained the consequences of this liquidated damages provision at the time this Agreement was made.

Developer initial here:  City initial here: 

ATTACHMENT NO. 7

RELEASE OF CONSTRUCTION COVENANTS

WHEN RECORDED RETURN TO

THE AREA ABOVE IS RESERVED FOR RECORDER'S USE

No recording fee required; this document exempt from fee pursuant to Government Code Section 27383

RELEASE OF CONSTRUCTION COVENANTS

WHEREAS, on or about _____, the City of Montebello, a public body corporate and politic, and the Successor Agency to the former Community Redevelopment Agency of the City of Montebello, hereinafter jointly referred to as "City," and Ku & Associates, Inc., a California corporation, hereinafter referred to as "Developer," entered into that certain Purchase, Sale and Development Agreement (the "Agreement"), dated _____, providing for the development of certain real property (the "Property") situated in the City of Montebello, California, described on Exhibit "A" attached hereto, with certain improvements as described in the Agreement ("**Improvements**");

WHEREAS, the Agreement requires that the City furnish Developer with a Release of Construction Covenants upon completion of construction, and that said Release be in such form as to permit recordation in the Los Angeles County Recorder's Office;

WHEREAS, such Release shall be conclusive determination of satisfactory completion of the construction of the Improvements on the Site, as required by the Agreement; and

WHEREAS, the City has conclusively determined that construction of the Improvements has been satisfactorily completed.

NOW THEREFORE,

1. As provided in the Agreement, the City does hereby certify that construction of the Improvements has been fully performed and satisfactorily completed.
2. The conditions and all rights and obligations under the Agreement are terminated with respect to the Improvements constructed on the Project Site, except as set forth in the Agreement.

3. After recordation of this Release of Construction Covenants, any person or entity then owning or thereafter purchasing, leasing, or otherwise acquiring any interest in the Site will not (because of such ownership, purchase lease, or acquisition) incur any obligation or liability under the Agreement, except that such party shall be bound by any and all of the covenants, conditions, and restrictions, provisions or limitations in the Agreement regarding use, operation, maintenance or financing of the Property and any and all of the covenants, conditions, and restrictions, provisions or limitations set forth in the Grant Deed, dated _____.
4. This Release of Construction Covenants shall not constitute evidence with or satisfaction of any obligation of the Owner to any holder of a mortgage, or any insurer of a mortgage securing money loaned to finance Improvements to the Site, nor any part thereof. This Release of Construction Covenants is not a notice of completion as referenced in California Civil Code § 3093.
5. The Recitals above are incorporated in full as part of the substantive text of this Release of Construction Covenants.

IN WITNESS WHEREOF, the City has executed this release this ____ day of _____, 20____.

CITY OF MONTEBELLO, a public body
corporate and politic, and the **SUCCESSOR**
AGENCY TO THE FORMER COMMUNITY
REDEVELOPMENT AGENCY OF THE CIYT
OF MONTEBELLO

By: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document

State of California)

)

County of _____)

On _____ before me, _____ (here insert name and title of the officer), personally appeared

_____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT "A" TO RELEASE OF CONSTRUCTION COVENANTS

Legal Description of Property

Portion of Lot 21 and Lot 22 and the Northerly 44 Feet of the Portion of Lot 19, Addition No. 1 To The Town of Newmark Tract.

The Southerly 44 Feet of Lot 19, of Addition No. 1 To the Town of Newmark Tract.

Portion of Lot 20, of Addition No. 1 To The Town of Newmark Tract.

The Southeasterly 44 Feet of Portion of Lot 3, Addition No. 1 To The Town of Newmark Tract.

The Alley Approximately 16' x 135' Located Westerly of the Northerly Prolongation Of That Portion of the Lot Described As Portion of Lot 20, Addition No. 1 to the Town of Newmark Tract.

ATTACHMENT NO. 8
MONTEBELLO DEVELOPMENT TWO, LLC
LOCAL HIRE PROGRAM

SECTION 1: CONSTRUCTION JOBS LOCAL HIRE PROGRAM

The Developer agrees to implement and to require all its contractors to implement, for the duration of construction on the project, a Local Hire Program as defined below:

A. LOCAL HIRING REQUIREMENTS

1. Prime Contractor.

The Prime Contractor shall ensure that the following targeted hiring requirements are met for each portion of the Project:

- a. A minimum of 20% of all hours of all project work shall be performed by residents of the City of Montebello and individuals residing in the local area zip code of 90640, with priority given to City of Montebello residents.
- b. Hours worked by permanent residents of states other than California do not count towards total work hours when calculating the Local Hire Requirements.

2. Apprenticeship Program

The parties will jointly develop and implement an Apprenticeship Program that will increase the skill of the local work force so that these workers can enter the pool of skilled labor, fully qualified for living wage jobs. Said Apprenticeship Program shall include the following components:

- a. All Contractors, Subcontractor, or Employer performing Project Work will use reasonable good faith efforts to employ the maximum number of Apprentices.
- b. All apprentices shall work under the direct supervision of a journeyman from the trade in which the apprentice is indentured. A journeyman shall be defined as a person who has either completed an accredited apprenticeship in his or her craft, or has completed the equivalent of an apprenticeship in length of the content of work experience and all other requirements in the craft which has workers classified as journeyman in the apprentice able occupation.
- c. Developer will sponsor at least two (2) workers from the City of Montebello to be identified by City for inclusion in a union-based apprenticeship program, including payment of union dues for such workers. Developer will use its reasonable efforts to cause its contractors to assign such workers to the Project, but the hours performed by such apprentice workers in each individual craft shall

not exceed the apprentice to journeyman ratio established by the applicable Division of Apprenticeship Standards (DAS) approved apprenticeship standards.

3. Requirements

- a. Local Hire Schedule. The Developer shall develop a Local Hire Schedule that establishes the hiring process and approximate timetable to be followed by the Developer and all contractors for construction hiring to achieve the overall requirements of the Local Hire Program. The Local Hire Schedule shall provide the basis for the City of Montebello's Community Development Departments' monitoring of the project. The Local Hire Schedule must be submitted to the Director of Community Development no less than fifteen (15) days before construction begins, and shall be approved or disapproved by the Director of Community Development or designee within five (5) business days of submittal by the Developer.
- b. Local Hire Report. The Developer shall report quarterly to the Director of Community Development on the progress of the Local Hire Program. The report shall detail the number of (i) City of Montebello Residents, (ii) Local Area Residents, and (iii) all other non-residents that have been hired by all contractors; the number and percentage of work hours that have been performed by each category of worker for that specific reporting period; and in aggregate since the inception of the project.

4. Demonstration of Compliance

The Director of Community Development or its authorized representatives shall determine whether Developer has complied with the requirements of the Local Hire Program. Developer is ultimately responsible for compliance with the Local Hire Program.

If after taking into account all hours of Project work performed up to that point in time of the Reporting Period, the targeting Local Hiring Program has been satisfied for a project, then the Prime Contractor working on that project shall be deemed to be in compliance.

If the targeted hiring requirements of the Local Hire Program have not been satisfied for a project, Developer nonetheless may be deemed to be in compliance if Developer demonstrates the following:

- Develop and submit a Local Hire Schedule 15-days prior to construction start;
- Ensure that all contractors contractually agree to comply with terms of Local Hire Program;

- Document reasons for not hiring referred candidates from target populations, if applicable;
- Submit quarterly Local Hire Reports in a timely manner.

5. Noncompliance

- a. The Developer shall monitor and enforce the Local Hire Program requirements imposed on all of its contractors, including withholding payments to those contractors who violate these requirements.
- b. The Community Development Director shall have the authority to amend or modify provisions of this program as reasonably necessary to carry the objectives of the parties.

SECTION 2: PERMANENT JOBS LOCAL HIRE PROGRAM

The Developer agrees that all Tenants of the completed Project shall implement a Permanent Employees Local Hiring Program (“**Program**”). The Term of the Program shall be the up to the date that the certificate of occupancy is issued by the City of Montebello for the Project. The Permanent Employees Local Hiring Program shall include the following requirements:

A. LOCAL HIRING PROGRAM

The Developer certifies and agrees that all Tenants shall implement a Local Hiring Program that shall include the following goals. These goals shall be included as a material term of any agreement between the Developer and any Tenant:

1. 35% of all Full Time Equivalent Employees shall be:
 - a. City of Montebello Residents, which means individuals whose primary place of residence is within the City of Montebello, or
 - b. Local Area Residents, which means individuals who whose primary place of residence is within the 90640 zip code
 - c. Priority shall be given first to City of Montebello residents.

The Tenant retains authority in making individual hiring decisions, and may use normal hiring practices, including interviews, to consider all referred applicants. The provisions of this Permanent Employees Local Hiring Policy do not require the Developer or Tenant to hire any person who does not have the experience and ability to qualify such person for such job.

B. First Source Hiring Program.

1. Preferential Notification: Each Tenant will notify a Qualified Recruitment Organization, as selected by Developer, of job opportunities in advance of other hiring outreach efforts and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, and any special requirements (e.g. language skills, drivers’ licenses, etc.).
2. Initial Exclusive Hiring: Tenant shall hire only City of Montebello or Local Area Residents for a two (2) week period following the notification of job opportunities described in subparagraph B.1. above. After such period, Tenants shall make good-faith efforts to hire City of Montebello and Local Area Residents but may hire any applicant recruited or referred through any source.

C. Reporting.

1. Periodic Local Hiring Report: A report shall be submitted to the Director of Community Development detailing the number of (i) City of Montebello Residents, (ii) Local Area Residents, and (iii) all other non-residents that have been hired by each Tenant.
2. The Developer and each Tenant shall make available to the Director of Community Development pertinent records and information requested that are relevant to monitoring and enforcement of this Local Hiring Program, including allowing access to job sites.

D. Demonstration of Compliance

1. If the Developer has met or exceeded all Local Hiring Program goals, the Developer is in compliance.
2. If the Developer has not met or exceeded all Local Hiring Program targets but has satisfied each element of the list of activities below, the Developer is in compliance:
 - i Develop and submit a Local Hiring Plan;
 - ii Work with the Recruitment Organization to encourage Tenant participation and to facilitate the success of the Permanent Employees Local Hiring Policy, by arranging meetings attended by the Developer, the Recruitment Organization, Tenants, and prospective Tenants;
 - iii Maintain detailed listings of job postings and contacts with Qualified Recruitment Organization;
 - iv Maintain documentation of reasons for not hiring referred candidates from target populations, if any; and
 - v Submit accurate and timely Local Hiring reports.

3. Noncompliance

The Developer shall monitor and enforce the Local Hire Program requirements imposed on all of its Tenants, including withholding tenant improvement payments to those who violate these requirements.

The Director of Community Development shall have the authority to amend or modify provisions of this program as reasonably necessary to carry out the objectives of the parties.

ATTACHMENT NO. 9
APPROVED HOTELS

[2015 STR US Chain Scales to be attached]

2015 STR CHAIN SCALES

Luxury		Upper Upscale cont.		Upper Midscale		Midscale cont.		Economy cont.	
21	AKA	990	Marriott	86	Ayres	200	Cabot Lodge	832	Key West Inn
71	Andaz	992	Marriott Conference Center	1142	Aqua Hotels & Resorts	195	Candlewood Suites	840	Knights Inn
1086	Belmond	1045	Millennium	133	Best Western Plus	240	ClubHouse	1000	Master Hosts Inn
295	Conrad	1080	Omni	183	Boarders Inn & Suites	320	Crossings by GrandStay	1005	Masters Inn
369	Dorchester Collection	1091	Pan Pacific Hotel Group	246	Centerstone Hotels	334	Crystal Inn	1030	Microtel Inn & Suites by Wyndham
490	Fairmont	1183	Radisson Blu	216	Chase Suites	1244	FairBridge Inn	1060	Motel 6
510	Four Seasons	1220	Renaissance	230	Clarion	557	GrandStay Residential Suites	1065	National 9
761	Grand Hyatt	1360	Sheraton Hotel	263	Cobblestone	644	Hawthorn Suites by Wyndham	1110	Passport Inn
800	InterContinental	1430	Sonesta Hotel	280	Comfort Inn	790	InnSuites Hotel	1115	Pear Tree Inn
991	JW Marriott	1445	Starhotels	282	Comfort Suites	865	Lakeview Distinctive Hotels	1235	Red Carpet Inn
862	Langham	1498	Swissotel	306	Country Inn & Suites	882	La Quinta Inn & Suites	1250	Red Roof Inn
930	Loews	1670	Warwick Hotels	290	Doubletree Club	955	MainStay Suites	1290	Rodeway Inn
945	Luxury Collection	1680	Westin	400	Drury Inn	1033	Oak Tree Inn	1322	Savannah Suites
965	Mandarin Oriental	1710	Wyndham	402	Drury Inn & Suites	1160	Quality Inn	1345	Scottish Inn
1046	Montage			403	Drury Lodge	1200	Ramada	1347	Select Inn
1092	Palace Resorts			401	Drury Plaza Hotel	1240	Red Lion	1456	Studio 6
759	Park Hyatt	Upscale		404	Drury Suites	1281	Rode Inn	1457	Suburban Extended Stay
1560	Ritz-Carlton	6	aloft Hotel	485	Fairfield Inn	1354	Settle Inn	1463	Sun Suites Hotels
1283	RockResorts	11	Ascend Collection	545	Golden Tulip	1380	Shilo Inn	1470	Super 8
1296	Rosewood	87	Aston Hotel	610	Hampton Inn	1423	Sleep Inn	1615	Travelodge
730	Sofitel	134	Best Western Premier	611	Hampton Inn & Suites	1630	Vagabond Inn	1632	Value Place
1325	St Regis	207	Cambria Suites	680	Holiday Inn	1641	Vista	1725	Yotel
1500	Taj	209	Canad Inn	683	Holiday Inn Express	1687	Wingate by Wyndham		
1118	The Peninsula	235	Club Med	709	Home2 Suites by Hilton				
1107	Thompson Hotels	265	Coast Hotels & Resorts USA	706	Isle of Capri				
1605	Trump Hotel Collection	308	Courtyard	846	Larkspur Landing	Economy			
1642	Viceroy	330	Crowne Plaza	900	Lexington	33	Affordable Suites of America		
1646	W Hotel	368	Disney Hotels	1965	Night Hotels	110	America's Best Inn		
1652	Waldorf=Astoria	380	DoubleTree	1082	OHANA	120	Americas Best Value Inn		
		423	element	1094	Park Inn	150	Budget Host		
Upper Upscale		508	Four Points	1125	Phoenix Inn	163	Budget Suites of America		
55	Ace Hotel	910	Grand America	1202	Ramada Plaza	117	Budgetel		
14	Affinia	561	Great Wolf Lodge	1256	Real Inn	305	Country Hearth Inn		
17	Autograph Collection	309	Hilton Garden Inn	1407	Silver Cloud	312	Crestwood Suites		
249	Club Quarters	685	Homewood Suites	1436	Sonesta ES Suites	317	Crossland Suites		
1536	Curio Collection	702	Hotel Indigo	1623	Tryp by Wyndham	350	Days Inn		
355	Delta	753	Hyatt House	1595	TownePlace Suites	390	Downtowner Inn		
365	Dolce	762	Hyatt Place	1350	Westmark	440	Econo Lodge		
392	Dream Hotels	213	Legacy Vacation Club	1715	Wyndam Garden Hotel	483	Extended Stay America		
450	Embassy Suites	1015	Melia	90	Xanterra	410	E-Z 8		
529	Gaylord	720	Novotel			500	Family Inns of America		
638	Hard Rock	869	NYLO Hotel	Midscale		548	Good Nite Inn		
670	Hilton	1090	Outrigger	1950	3 Palms Hotels & Resorts	560	Great Western		
760	Hyatt	1180	Radisson	42	A Victory Hotels	575	GuestHouse Inn		
931	Hyatt Regency	1270	Residence Inn	115	America's Best Suites	659	Home-Towne Suites		
803	Joie De Vivre	1484	Shell Vacations Club	60	AmericInn	740	Howard Johnson		
845	Kimpton	1438	Springhill Suites	180	Baymont Inn & Suites	795	InTown Suites		
1020	Le Meridien	1447	Staybridge Suites	130	Best Western	822	Jameson Inn		

ATTACHMENT NO. 10
APPROVED EATERY

2015 RESTAURANT LIST
FOOD- QUICK SERVE AND SIT DOWN RESTAURANTS

Developer acknowledges that the City of Montebello would like to encourage the development of restaurants at the Project Site. The list below is a sample of the types of restaurants and uses that the Developer will make best efforts to attract and lease space to in the Project.

800 Degrees Neapolitan Pizzeria	Carnitas' Snack Shack	Hometown Buffet
85°c	Carrabba's Italian Grill	House of Bread Bakery Cafe
Acapulco Mexican Restaurants	Champagne French Cafe	Houston's
AI's Beef	Cheesecake Factory	HQ Burgers Beer Music Art
Applebee's Restaurant	Chevys Mexican Restaurant	Il Fornaio
Arby's	Chick-fil-A	In-N-Out Burger
Atlanta Bread Company	Chili's	International House of Pancakes
Baby Blues BBQ	Chipotle Mexican Grill, Inc.	Islands
backyard bowls	City Tavern	Jason's Deli
Baja Fresh Mexican Grill	Claim Jumper	Jerry's Wood-Fired Dogs
Baker's Burgers	Corner Bakery	Jimmy John's Gourmet Sandwiches
Baker's Square	Counter, The	Jimmy's Famous American Tavern
Bamboo Cuisine	Cozymel's	Joan's on Third
Bare Burger	Cracker Barrel	Joe's Crab Shack
Barney's Gourmet Hamburgers	Craft Pizza Company	Johnny Carino's Country Italian Rest.
Beef 'O' Brady's	Daily Grill	Johnny Rockets
Benihana's	Dairy Queen	John's Incredible Pizza Co
Best Pizza & Brew	Daphne's Greek Cafe	Jollibee
Big Bowl	Denny's	Kana Grill
Blimpie Subs & Salads	Dick's Last Resort	Karl Strauss
Blu Jam Cafe	Dog Haus	King's Fish House
Blue Plate	Dupar's	Koo Koo Roo Chicken
Blue Water Grill	EI Torito Grill	Kura Sushi
Boardwalk Burgers & Fries	Elephant Bar	La Bourange
	Famous Dave's	
	Fatburger	

Bonefish Grill	Firehouse Subs	La Brea Bakery
Boudin Bakery	Fish Dish Grilled Seafood	LA Crawfish
Bravo Cucina Italiana	Five Guys Burgers & Fries	La Salsa
Brent's Deli	Flemings Prime Steak House	LALA'S Argentine Grill
Brio Grille	Flippin Pizza	Latte Da
Broken Yolk Cafe	Ford's Filling Station	Lazy Ox Canteen
Buca di Beppo	Freddy's Frozen Custard & Steakburger	LYFE Kitchen
Buddha's Belly	Fresca's Mexican Grill	Logans Road House
Buffalo Wild Wings	Fresh Choice	Loteria Grill
Bull & Bear Bar & Grill	Fresh Griller	Louise's Trattoria
Burger Lounge	freshii	Lucille's Smokehouse BBQ
Bushfire Grill	G Burger	Luna Grill
Cabo Catina	Garlo's Pizza	Macaroni Grill
Cafe Primo	Genghis Grill	Maggiano's
Cafe Rio Mexican Grill	Godfather's Pizza, Inc.	Malibu Fish Grill
Cafe Zupas	Gordon Biersch	Maria's Italian Kitchen
California Pizza Kitchen	Granville Cafe	McCormick & Schmicks
California Roll & Sushi	Green Burrito	Mimi's Cafe
Cantina Laredo	Green Spot	Mod Pizza
Canyons Burger	Gus's BBQ	Mooyah burgers & fries
Capital Cafe	Habit Burger Grill	Murphy's Deli
Capital Noodles	Hamburger Hamlet	My Fit Foods
Capitol Grill	High Tech Burrito	Napizza
Capitol Seafood	Round Table Pizza	WhichWich
Capriotti's Sandwich Shop	Rubio's Fresh Mexican Grill	Wokcano Asian Restaurant & Lounge
Carinas Italian	Ruby's Diner	Wolfgang Puck
Noodles and Company	Rush Street	Wood Ranch BBQ & Grill
Od's Pizza	Ruths Chris Steakhouse	Yard House
Ojos Locos	Sammy's Woodfire Pizza	Zao Noodle Bar
On The Border	San Sai Japanese Grill	
Open Sesame	Schlotzsky's Deli	
Outback Steakhouse	Seasalt Fish Grill	

P.F. Chang's China Bistro	Season's 52	
Pancheros Mexican Grill	Senor Fish	
Panda Express	Senor Frogs	
Panda Inn	ShopHouse Kitchen	
Panera Bread	Simmzy's	
Pat and Oscar's	Slater's 50/50 Burgers	
Paul Martin's	Smashburger	
Pei Wei Asian Diner	Snooze A.M. Eatery	
Pei Wei Asian Market	Sonic Burger	
Peter Piper Pizza	Souplantation	
Petros	Southern Hospitality BBQ	
Philly's Best	Specialty's Cafe & Bakery	
Pho Saigon Pearl	Stacked	
Piadena	Stone Oven	
Pick Up Stix	Sushi Freak	
Pieology	Sweet Tomatoes	
Pink Taco	T.G.I. Fridays	
Pink's Hotdogs	Tailgaters Tap House and Grill	
Pita Jungle	TaMu Tavern	
Pita Pit	The Big Catch Seafood	
Pitfire Pizza	The Boiling Crab	
Pizza 90	The Fedral Bar	
Pizza 900	The Kebab Shop	
Pizza Fusion	The Kickin Crab	
Pizza Rev	The Matador	
Pizza Studio	The Melt	
Pollo Campero	The Melting Pot	
Pono Pizza	Tilted Kilt Pub & Eatery	
Project Pie	Tipsy Cow	
Pyramid Alehouse	Tito's Tacos	
Quizno's	Togo's	
RA Sushi		

RaiSing Cane's Chicken Fingers	Toms Urban	
Rakiraki Ramen & Tsukemen	Tony Romas	
Red Brick Pizza	Tortilla Town	
Red Lobster	Twin Peaks Restaurant	
Red Robin	Twisted Noodles	
Redwood Grille	U.S. Taco Co	
Ri Ra	Urban Plates	
Roadhouse Grill	Urbane Cafe	
Roadside Eats	Veggie Grill	
Rocco's Tavern	WaBa Grill Teriyaki House	
Rockin' Baja Coastal Cantina		
Rosa Mexicano		

APPRAISAL SERVICES

COMMERCIAL PARCEL

LOCATED AT

**121 SOUTH 6TH STREET
MONTEBELLO, CALIFORNIA**

FOR

**MR. BENJAMIN KIM
COMMUNITY DEVELOPMENT DIRECTOR
City of Montebello**

Dated

April 20, 2016

By

**BOZNANSKI & COMPANY
Property Valuation and Consultation**

BOZNANSKI & COMPANY
Property Valuation & Consultation
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www.boznanskiappraisal.com

April 20, 2016

Mr. Benjamin Kim
Community Development Director
City of Montebello
1600 W. Beverly Blvd.
Montebello, California 90640

Re: Appraisal Services –
Commercial Parcel
121 S. 6th Street
Montebello, California

CC Mr. Raymond Fong

File No. 3012

Dear Mr. Kim:

In accordance with the authorization we have received, Boznanski & Company, a real property appraisal firm, has prepared this analysis that establishes the "as is" market value fee simple interest in a vacant commercial property, as existing. Our date of value is effective as of April 18, 2016.

The subject property is located at 121 S. 6th Street, in the city of Montebello, Los Angeles County, California. The site is identified as Los Angeles County Assessor Parcel Number 6349-006-900 and is a vacant rectangular site comprising 6,050 sf currently zoned C2 (General Commercial) but proposed to be re-zoned PD2-15. This property is currently owned by the Montebello Successor Redevelopment Agency.

Based on the investigation and analysis outlined in the accompanying report, and subject to the certification and contingent and limiting conditions attached to this report, we conclude that the "as is" market value of the fee simple interest in the subject property, operating as stabilized, at 121 S. 6th Street, Montebello, California, as of April 20, 2016 is:

\$106,000

ONE HUNDRED SIX THOUSAND DOLLARS

In arriving at our valuation conclusion for this property we looked to the Market Data Approach for land. The subject property, being vacant and having no current economic use, neither the Cost-Summation Approach nor the Income Approach to value have application.

This self-contained report is intended to comply with the reporting requirements set forth under Standard Rules 2-2 of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, this report describes the data, reasoning and analysis that we used in the appraisal process to develop the appraiser's opinion of value.

This complete appraisal assignment has been completed in accordance with Title XI of FIRREA and the Uniform Standards of Professional Appraisal Practice (USPAP). this report is not considered to depart from the specific guidelines of USPAP.

Any significant changes to the site size or configuration, to the improvements in size or quality, or any other material information supplied to us in this analysis, as further identified herein, could affect our valuation conclusion and would require a re-evaluation of our analysis.

Following this letter is a complete, self-contained appraisal report which describes the subject area and the conditions of this appraisal, identifies the subject property and its characteristics and then specifically enumerates the methodology used in valuing the property.

We retain a copy of this report, together with worksheets, documents and other data upon which our conclusions and opinion of value are based.

We certify that we have no past, present or contemplated future interest in this property and that we have acted in accordance with accepted ethics and standards in our profession.

Thank you for this opportunity to provide appraisal services.

Respectfully submitted,

BOZNANSKI & COMPANY

A handwritten signature in blue ink, reading "Carl W. Boznanski". The signature is fluid and cursive, with a long horizontal stroke at the end.

Carl W. Boznanski
Principal Appraiser
President
Certified General Appraiser
CA # AG01083
CWB/vg

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY ADDRESS: 121 S. 6th Street, Montebello, California
DATE OF VALUE: April 20, 2016
INTEREST APPRAISED: Fee Simple
ASSESED/APPRAISED OWNER: Montebello Successor Redevelopment Agency

PROPERTY:

ASSESSOR'S PARCEL NO.: 6349-006-900
SITE SIZE: 0.139 \pm acres; 6,050 sf
ZONE: C2 (General Commercial); City of Montebello
BUILDING SIZE: None
YEAR BUILT: None
USE TYPE: Vacant land

HIGHEST AND BEST USE:

"As Though Vacant Land": Commercial

VALUE INDICATIONS:

Cost Approach N/A
Market Approach \$106,000
Income Approach N/A

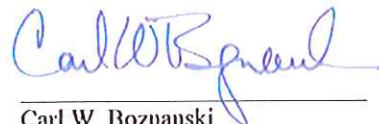
VALUE CONCLUSION: \$106,000

MARKET EXPOSURE TIME: 4 to 6 months at "As Is" value.

CERTIFICATION AND RESTRICTION UPON DISCLOSURE AND USE

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

- 1. The statements of fact contained in this report are true and correct.*
- 2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.*
- 3. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest with respect to the parties involved.*
- 4. I have performed no appraisal or other services regarding the property that is the subject of this report within the three-year period immediate preceding acceptance of this assignment.*
- 5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.*
- 6. My engagement and the compensation received for this assignment are not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
- 7. My analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- 8. I have made a personal inspection of the property that is the subject of this report.*
- 9. No one other than the undersigned provided significant professional assistance in the preparation of the analyses, conclusions and opinions, concerning the real estate noted herein, as set forth in this appraisal report.*
- 10. The appraiser acted in an independent capacity and this appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.*
- 11. The appraiser by means of education and previous appraisal experience is competent to complete this report.*
- 12. To the best of my knowledge and belief the statements of fact contained in this appraisal report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.*
- 13. Disclosure of the contents of this appraisal report is governed by the agreement between the appraiser and the client for this assignment.*
- 14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identify of the appraiser or the firm with which he is associated) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned.*



Carl W. Boznanski
CA # AG 010837
April 20, 2016

**CONTINGENT AND LIMITING CONDITIONS
UPON WHICH APPRAISAL IS MADE**

This report is made expressly subject to the contingent and limiting conditions, factors, and assumptions herewith.

- 1. That the vesting and legal description furnished this appraiser are correct.*
- 2. That measurements and areas furnished by others are correct. No survey has been made for the purpose of the appraisal.*
- 3. That the maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied.*
- 4. That the property is appraised as if free and clear of liens and that the title is good and marketable.*
- 5. That no guarantee is made as to the correctness of estimates or opinions furnished by others which have been used in making this appraisal.*
- 6. That no liabilities be assumed on account of inaccuracies in such estimates or opinions.*
- 7. That no liability is assumed on account of matters of a legal nature affecting this property, such as title defects, liens, encroachments, overlapping boundaries, et cetera.*
- 8. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.*
- 9. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.*
- 10. That this appraisal is subject to review upon presentation of data which might be later made available, undisclosed or not available at this writing.*
- 11. That the appraiser herein, by reason of this appraisal, is not required to give testimony or attendance in court or any governmental hearing with reference to the property in question, unless arrangements have previously been made therefore.*
- 12. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of the subject property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that an ADA compliance survey of the subject improvements could reveal that the subject property is not in compliance with one or more requirements of the Act. If so, this fact could have a negative effect upon the value of the subject property. Since the appraiser has no direct evidence relating to this issue, the compliance, or non-compliance, with ADA was not taken into consideration in the valuation of the subject property.*

COMMERCIAL LAND
121 S. 6th STREET
MONTEBELLO, CALIFORNIA

GENERAL DATA

PURPOSE OF THE APPRAISAL:

It is the purpose of this appraisal to set forth an estimate of and support for the "as is" fee simple interest in a vacant land site, located in the city of Montebello, California.

Market Value

Market Value is the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of the sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated.
- b. Both parties are well informed or well advised, and acting in what they consider their own best interests;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- e. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The "As Is" Value is defined as the market value of a property as it physically and legally exists as of the present time, usually the effective date of the appraisal is prepared. It is also a value without hypothetical conditions, assumptions or qualifications.

Property Rights Appraised

Property rights appraised are the fee simple interest in the estate, assuming the property to be free and clear of all liens, under responsible ownership and competent management and having good and marketable title. Mineral rights, if any, are not considered herein. Likewise, unless noted, we are not valuing business interests or any items of fixtures or equipment.

**COMMERCIAL LAND
121 S. 6th STREET
MONTEBELLO, CALIFORNIA**

PURPOSE OF THE APPRAISAL (Cont.):

Fee simple is an absolute ownership unencumbered by any other interest or estate, but subject to the limitations of eminent domain, escheat, police power, and taxation. It is an inheritable estate.

Leased fee interest is an ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

Leasehold interest is value that accrues to a tenant as a property right, qualified by the terms of a particular lease, whenever the present value of that lease is less than the current fair market value of the underlying property.

Parcel

The term "parcel" as used herein means any contiguous tract of land in the same ownership and use whether such tract consists of one or more platted lots or a fractional part thereof.

INTENDED USE OF THE APPRAISAL:

This appraisal is intended to provide a value basis, for internal accounting purposes, of the fee owned land and the property improvements as further described herein. This report has been prepared for the exclusive use of the City of Montebello.

DATE OF VALUE:

This appraisal report is dated April 20, 2016, corresponding to the completion of our investigation, analysis of relevant data and the preparation of this report. Our date of value is defined as April 20, 2016, corresponding to our most recent property viewing.

**COMMERCIAL LAND
121 S. 6th STREET
MONTEBELLO, CALIFORNIA**

SCOPE OF THE APPRAISAL:

The subject property is located at 121 S. 6th Street, in the city of Montebello, Los Angeles County, California. The site is identified as Assessor Parcel Number 6349-006-900 and is a vacant rectangular site comprising 6,050 sf currently zoned Z2 but proposed to be re-zoned PD2-15. This property is currently owned by the Montebello Successor Redevelopment Agency.

Valuation Background

Our opinion of value and this report follow an onsite property inspection, discussions with the owner's representative, interviews with other knowledgeable persons in the area, including city and county officials as well as brokers serving the area, analysis of pertinent material supplied to us by parties in interest, a market data sales investigation, an economic rental survey, and a highest and best use analysis.

The Market Data Approach to Value is looked to as providing the most significant and relevant value indications for land value. The process involves a comparison of the subject property with sites of similar and competing use, which have been subjected to the forces of the market through sale. Because of the vacant nature of the subject property, Improved Market Data Analysis is not applicable. Likewise, the Cost Summation and the Income Approach have no validity in the valuation of this vacant property.

SCOPE OF THE APPRAISAL (Cont.):

Appraisal Format

The report is divided into four major sections . . . General Data, Subject Property, Valuation, and Addenda. The General Data Section provides background information and sets the tone of the assignment. It defines the purpose, intended use, date of value and scope of the appraisal and describes the environs, access and traffic. Also included here are maps and ground photographs showing the area.

The Subject Property Section contains a summary of pertinent information relating to the property's ownership, sales history, location, legal description, Assessor's data, physical description, of both the land and improvements, zoning, present use and occupancy and highest and best use. Various exhibits, including maps, property plot plans, elevations and photographs are also included here.

The Market Data, Cost-Summation and Income approaches are then discussed in detail in the Valuation Section. These techniques are applied in our valuation analysis relative to the subject property. The details of those items of market data, both vacant land and improved property, having relevance to the appraisal problem at hand are then set forth along with a market data map and a market data summary illustrating the

SCOPE OF THE APPRAISAL (Cont.):

comparable properties' relative geographical position in relation to the subject. Comparable rental data is likewise presented and depicted.

The last report section is the Addenda, which contains the appraisers' qualifications.

ENVIRONS:

Los Angeles County

General

The subject property is located within Los Angeles County, which is the most dominant county within a five-county region more commonly known as the Greater Los Angeles Area. The five counties that make up this area include Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties. They encompass an area of about 34,109 square miles, with Los Angeles representing 4,082 square miles. Los Angeles consists of 88 incorporated cities, but some 65% of county land is unincorporated. The largest and most well known cities in Los Angeles County are Beverly Hills, Burbank, Culver City, Long Beach, Los Angeles, Malibu, Pasadena, and Santa Monica.

Los Angeles County has the largest county population in the state of California. The following chart summarizes the County's population as reported by the California Department of Finance or the U. S. Census Bureau, as of January 1st of each succeeding year.

<u>Year</u>	<u>Population</u>	<u>Increase</u>	<u>Annual % Change</u>
1950	4,150,000	N/A	N/A
1960	6,042,700	1,892,700	4.56%
1970	7,032,075	989,375	1.64%
1980	8,863,164	445,428	0.63%
1990	9,244,600	1,385,661	1.56%
2000	9,643,073	398,473	0.43%
2001	9,802,780	159,707	1.66%
2002	9,824,807	22,027	0.23%
2003	9,979,618	154,811	1.58%
2004	10,102,961	123,343	1.24%
2005	10,226,506	126,545	1.22%
2006	10,257,944	31,488	0.31%
2007	10,331,939	73,945	0.72%
2008	10,363,850	31,911	0.31%
2009	10,393,185	29,335	0.28%
2010	10,441,080	47,895	0.46%
2011	9,858,989	(528,091)	(5.58%)
2012	9,884,632	25,643	0.26%
2013	9,958,091	73,459	0.74%
2014	10,041,797	83,706	0.84%

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ENVIRONS (Cont.):

Los Angeles County's median home price as of the end of 2012 is \$330,000 with 83,770 homes sold. This figure is 4.76% higher than 2011 which was 4.4% lower than 2010, which was 7.9% higher than 2009 which was 21.3% lower than 2008 which was 28.6% lower than 2007, which was 3.5% higher than 2006 which was 9.3% higher than 2005, which was 20.1% higher than the median home price in 2004. However, there is a huge disparity in housing prices among the various cities of Los Angeles County ranging from a low of \$100,000 in Littlerock and \$131,463 in Lancaster to \$1,629,000 to \$1,827,000 in areas such as Santa Monica, Pacific Palisades, Beverly Hills and Malibu. The State of California's median home price is \$251,000 as of March 2012, an increase of 0.8% from \$249,000 in March 2011.

Los Angeles County also has numerous points of interest to provide its residents and others from the outside areas, such as several state and city beaches along its 76 mile coastline and hundreds of different parks, nature preserves, and county libraries. The county is home to several public and private colleges and universities, such as UCLA, USC, Pepperdine, California State University Long Beach and Northridge. Los Angeles County is home to several professional sports organizations such as the Los Angeles Lakers, Los Angeles Kings, and Los Angeles Dodgers. The county also benefits from being a major tourist attraction. Tourism in the county generates approximately five percent of the countywide employment, three percent of the gross regional sales, and ranks as the third largest industry in the county. Visitors, both domestic and international, come to Los Angeles County to see such attractions as Universal Studios, the Walk of Fame, Rodeo Drive, the Chinese Theatre, the Santa Monica Beach/Pier, Magic Mountain, the Queen Mary, the Griffith Park Observatory, as well as many other sites. The Los Angeles Convention Center has 720,000 sf of exhibit space and 147,000 sf of meeting space. The Long Beach Convention center has 224,000 sf of exhibit space and 62,443 sf of meeting space.

The County is served by 17 newspapers... general circulation, ethnic and specialized. The largest is the Los Angeles Times with a daily circulation of nearly 700,000 and Sunday of 965,000 +. The area has over 25 AM and FM radio stations. There are more than 18 television stations including the four major networks as well as various ethnic programming.

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ENVIRONS (Cont.):

The largest Public Performing Arts Venues in the area as of March 2014 are as follows:

<u>Performing Arts Venues</u>			
<u>Name</u>	<u>City</u>	<u>Year Opened</u>	<u>Seating Capability</u>
Staples Center	Los Angeles	1999	20,000
Hollywood Bowl	Hollywood	1922	18,000
Forum	Inglewood	1968	17,500
Los Angeles Memorial Sports Arena	Los Angeles	1959	16,500
Pauley Pavilion	Los Angeles	1965	13,800
Long Beach Arena	Long Beach	1960	13,500
Galen Center	Los Angeles	2006	10,258
Nokia Theater at L.A. Live	Los Angeles	2007	7,100
Shrine Auditorium and Expo Center	Los Angeles	1926	6,300
Greek Theater	Los Angeles	1931	5,900
Hollywood Palladium	Hollywood	1940	3,800
Dolby Theater	Hollywood	2001	3,400
Dorothy Chandler Pavilion	Los Angeles	1964	3,197
Terrace Theater	Long Beach	1965	3,051
Pasadena Civic Auditorium	Pasadena	1931	3,029
Pantages Theater	Hollywood	1930	2,703
Bridges Auditorium	Claremont	1932	2,541
Club Nokia at L.A. Live	Los Angeles	2007	2,300
The Wiltern	Los Angeles	1931	2,300
Walt Disney Concert Hall	Los Angeles	2003	2,265

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ENVIRONS (Cont.):

Employment

The service industry continues to lead all sectors in the County, followed by manufacturing, retail and government. For the period December 2014, the California Employment Development Department reported the following non-farm employment figures in thousands.

<u>Employment Category</u>	<u># of Employees</u>	<u>%</u>
Farm Jobs	5,000	0.12%
Construction	121,600	2.81%
Manufacturing	364,500	8.43%
Trade, Transportation and Utilities	834,700	19.31%
Information	200,400	4.64%
Financial Activities	210,800	4.88%
Professional and Business	617,400	14.29%
Educational and Health Services	771,300	17.85%
Leisure and Hospitality	471,900	10.92%
Other Services	153,200	3.54%
Government	<u>570,800</u>	<u>13.21%</u>
Total	4,321,600	100.00%

The United States Department of Labor reported the following mid-year employment and unemployment figures for Los Angeles County, within their most recent economic forecast as follows:

<u>Year</u>	<u>Total Nonfarm Employment (in thousands)</u>	<u>Unemployment Rate</u>
1980	3610.3	6.6%
1985	3754.5	7.0%
1990	4133.3	5.8%
1991	3982.7	8.0%
1992	3804.4	9.6%
1993	3707.7	9.8%
1994	3701.9	9.4%
1995	3746.9	7.9%
1996	3788.5	8.2%
1997	3865.3	6.8%
1998	3943.5	6.6%
1999	4002.9	5.9%
2000	4084.5	5.4%
2001	4097.6	5.7%
2002	4103.2	6.8%
2003	4011.7	7.0%
2004		6.6%
2005		5.7%
2006	4151.7	4.2%
2007	4182.0	5.2%
2008	4103.4	9.5%

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ENVIRONS (Cont.):

2009		11.5%
2010		12.2%
2011		12.2%
2012	3778.0	12.0%
2013	3994.7	10.2%
2014	4110.0	8.2%

The largest Los Angeles County public companies, based on June 30, 2014 market capitalization, as reported by Los Angeles Almanac and Los Angeles Business Journal, are:

<u>Company</u>	<u>Revenue (Millions)</u>	<u>LA County Employees</u>	<u>Product Description</u>
Walt Disney Co	\$148,488.3	175,000	Movies and entertainment
Amgen Inc	\$89,608.7	20,000	Biotechnology
Occidental Petroleum Corp	\$80,627.6	12,900	Integrated oil and gas production
DirecTV Inc	\$42,830.1	31,700	Satellite television
Public Storage	\$29,472.3	5,200	Self-storage
HCP Inc	\$18,960.2	154	Health care
Edison International	\$18,932.9	13,677	Utility
Activision Blizzard Inc	\$15,960.7	6,900	Video game developer
Mattel Inc	\$13,220.6	29,000	Toy manufacturing
CBRE Group Inc	\$10,638.3	44,000	Real estate management and development
Macerich Co	\$9,391.2	1,443	Retail
Oaktree Capital Group LLC	\$7,883.4	809	Financial investments
Jacobs Engineering Group Inc	\$7,047.0	49,400	Construction and engineering
Herbalife Ltd	\$6,331.8	7,000	Nutritional and diet products
Reliance Steel & Aluminum Co	\$5,728.2	14,000	Metals distribution

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ENVIRONS (Cont.):

Los Angeles County's largest private companies, based on 2013 revenue, as reported by Los Angeles Business Journal, are:

<u>Company</u>	<u>2013 Revenue (Millions)</u>	<u>Company Wide Employees</u>	<u>Description</u>
Trader Joe's Co Inc	\$11,000	WND	specialty food and beverage chain
Capital Group Cos	\$7,000	WND	investment management
Dole Food Co Inc	\$4,200	WND	fresh fruits and vegetables
Forever 21 Inc	\$4,000	WND	retailer of fashion apparel
Unified Grocers Inc	\$3,692	WND	retail-owned wholesale grocery distributor
Roll Global LLC	\$3,500	7,000	holding company for Pom Wonderful, Figi Water
United Oil	\$3,100	785	retail gas stations
Parsons	\$2,992	15,000	engineering, procurement management
Newegg Inc	\$2,700	WND	online computer, consumer electronics
Harbor Freight Tools USA Inc	\$2,500	11,000	tool and equipment retailer
JM Eagle	\$2,350	WND	plastic pipe manufacturer
Act 1 Group Inc	\$2,255	WND	workforce management
Guitar Center Inc	\$2,200	WND	music equipment center
America Chung Nam Inc	\$1,965	270	waste pater and pulp exporter
Panda Restaurant Group	\$1,938	24,474	Asian restaurant chains
Brickman Group/ValleyCrest Landscape Cos	\$1,909	21,000	landscape services
Red Chamber Group	\$1,900	WND	seafood supplier
Guthy-Renker LLC	\$1,800	WND	direct marketing
99 Cents Only Sotres	\$1,750	WND	retailer
Keyes Automotive Group	\$1,705	1,361	automotive dealerships

ENVIRONS (Cont.):

Los Angeles County's largest private companies, based on numbers of 2013 employers in the county, as reported by Los Angeles Business Journal, are:

<u>Company</u>	<u>Employees</u>	<u>Description</u>
Kaiser Permanente	36,495	non-profit health plan
Northrup Grumman Corp	16,100	defense contractor
Target	15,000	retailer
University of Southern California	14,525	private university
Bank of America	13,746	banking and financial services
Ralphs/Food 4 Less (Kroger Co.)	13,500	grocery retailer
Providence Health Systems	10,983	acute medical care
Cedars-Sinai Medical Center	10,663	medical center
The Home Depot	10,630	home improvement specialty retailer
Walt Disney Co	10,500	entertainment
Boeing Co	10,463	integrated aerospace and defense systems
Wells Fargo	10,100	diversified financial services
AT&T	8,900	telecommunications
UPS	8,845	transportation and freight
California Institute of Technology	8,649	private university
ABM Industries Inc	8,200	facility services
American Apparel Inc	7,960	apparel manufacturer and retailer
Edison International	7,850	electric utility
Vons	7,750	grocery retailer
FedEx Corp	7,700	shipping and logistics

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ENVIRONS (Cont.):

The largest commercial banks in Los Angeles County as of June 30, 2013 as reported by Los Angeles Business Journal are:

<u>Bank</u>	<u>City</u>	<u>Los Angeles County</u>		
		<u>Assets</u>	<u>Employee</u>	<u>Branche</u>
			<u>\$</u>	<u>\$</u>
City National Bank	Los Angeles	\$27,034,000,000	3,266	81
East West Bank	Pasadena	\$23,300,000	2,131	116
Cathay Bank	Los Angeles	\$10,589,000	1,076	54
Capital Source Bank	Los Angeles	\$7,812,000	516	24
Pacific Western Bank	Los Angeles	\$6,702,000	1,116	79
BBCN Bank	Los Angeles	\$5,860,000	749	47
F&M Bank of Long Beach	Long Beach	\$5,146,000	629	21
Community Bank	Pasadena	\$3,173,000	412	19
Wilshire Bank	Los Angeles	\$2,782,000	416	24
Hanmi Bank	Los Angeles	\$2,769,000	476	28
Manufacturers Bank	Los Angeles	\$2,230,000	248	11
Perferred Bank	Los Angeles	\$1,657,000	141	11
CTBC Bank Corp	Los Angeles	\$1,524,000	293	12
Banamex USA	Century City	\$1,415,000	267	11
American Business Bank	Los Angeles	\$1,300,000	105	1
California United Bank	Encino	\$1,276,000	170	8
Grandpoint Bank	Los Angeles	\$1,238,000	212	8
Far East National Bank	Los Angeles	\$1,161,000	215	10
State Bank of India (California)	Los Angeles	\$774,000	133	11
1st Enterprise Bank	Los Angeles	\$716,000	77	3
Royal Business Bank	Los Angeles	\$712,000	121	12

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ENVIRONS (Cont.):

Pacific City Bank	Los Angeles	\$681,000	147	8
Ever Trust Bank	City of Industry	\$576,000	78	7
Sachan Bank	Los Angeles	\$548,000	151	11
Commonwealth Business Bank	Los Angeles	\$520,000	84	3

The largest financial institutions ranked by Los Angeles County deposits as of June 30, 2013 as reported by Los Angeles Business Journal are:

<u>Bank</u>	<u>City</u>	<u>Los Angeles County</u>	
		<u>Deposits</u>	<u>Branches</u>
Bank of America	Los Angeles	\$66,400,000,000	249
Wells Fargo	Los Angeles	\$44,100,000,000	242
Union Bank	Los Angeles	\$35,900,000,000	69
JPMorgan Chase Bank N.A.	Chatsworth	\$27,900,000,000	287
City National Bank	Los Angeles	\$15,500,000,000	32
Citibank	Fountain Valley	\$13,500,000,000	114
OneWest Bank FSB	Pasadena	\$12,000,000,000	54
East West Bank	Pasadena	\$11,500,000,000	45
Bank of the West	Los Angeles	\$8,500,000,000	52
US Bank	Los Angeles	\$8,400,000,000	147
Comerica Bank	Los Angeles	\$4,600,000,000	27
Cathay Bank	Los Angeles	\$4,000,000,000	13
HSBC Bank USA N.A.	Los Angeles	\$3,900,000,000	19
BBCN Bank	Los Angeles	\$2,900,000,000	21
Capital Source Bank	Los Angeles	\$2,700,000,000	11
California Bank & Trust	Los Angeles	\$2,500,000,000	32
First Republic Bank	Century City	\$2,300,000,000	6

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ENVIRONS (Cont.):

Pacific Western Bank	Los Angeles	\$2,100,000,000	23
F&M Bank of Long Beach	Long Beach	\$2,100,000,000	9
Hanmi Bank	Los Angeles	\$1,800,000,000	19

Taxable Retail Sales

Taxable retail sales information for the County reflects data obtained from the California State Board of Equalization is summarized as follows. Because of the reporting lag, the latest full reporting year is 2012.

<u>Year</u>	<u>Taxable Retail Sales (in millions)</u>	<u>All Sales (in millions)</u>
1980	\$29,706	N/A
1985	\$39,995	\$ 61,656
1990	\$50,923	\$ 80,285
1991	\$48,332	\$ 75,417
1992	\$48,450	\$ 74,655
1993	\$47,338	\$ 73,001
1994	\$49,652	\$ 76,899
1995	\$51,029	\$ 79,068
1996	\$53,304	\$ 82,620
1997	\$55,283	\$ 86,398
1998	\$57,500	\$ 90,206
1999	\$63,271	\$ 97,317
2000	\$70,321	\$106,674
2001	\$71,835	\$107,427
2002	\$74,548	\$108,753
2003	\$79,246	\$113,685
2004	\$86,497	\$122,533
2005	\$92,271	\$130,722
2006	\$95,554	\$136,163
2007	\$96,096	\$137,820
2008	\$89,810	\$131,881
2009	\$78,444	\$112,744
2010	\$82,175	\$116,942
2011	\$89,251	\$126,441
2012	\$95,519	\$135,296

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ENVIRONS (Cont.):

Retail Centers

Los Angeles County's largest retail centers, by gross leasable area, as of 2014 as reported by the Los Angeles Business Journal:

<u>Center</u>	<u>City</u>	<u>Area (sf)</u>	<u>Number of Stores</u>	<u>Year Opened</u>
Del Amo Fashion Center	Torrance	2,291,720	240	1975
Lakewood Center	Lakewood	2,033,670	270	1951
Westfield Topanga	Canoga Park	1,578,567	273	1964
Northridge Fashion Center	Northridge	1,510,884	170	1971
Westfield Santa Anita	Arcadia	1,475,916	253	1974
Glendale Galleria	Glendale	1,463,221	250	1976
Burbank Town Center	Burbank	1,240,000	140	1991
Antelope Valley Mall	Palmdale	1,196,000	130	1900
Westfield West Covina	West Covina	1,180,455	212	1975
Los Cerritos Center	Cerritos	1,143,613	208	1971
Fallbrook Center	West Hills	1,120,000	42	1966
Puente Hills Mall	City of Industry	1,099,299	140	1974
Westfield Valencia Town Center	Valencia	1,074,263	223	1992
Westfield Culver City	Culver City	1,061,687	176	1975
South Bay Pavilion	Pacific Palisades	1,017,047	81	1973

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ENVIRONS (Cont.):

Los Angeles County's largest hotels, ranked by number of guest rooms, as of 2014 as reported by the Los Angeles Business Journal:

<u>Company</u>	<u>Total Rooms</u>
Westin Bonaventure Hotel & Suites	1,354
Hilton Los Angeles Airport	1,234
Los Angeles Airport Marriott	1,004
Ritz-Carlton LA & JW Marriott LA Live	1,001
Sheraton Gateway LAX	802
Westin Los Angeles Airport	740
Hyatt Regency Century Plaza	726
Millennium Biltmore Hotel	683
Hacienda Hotel at LAX	630
Loews Hollywood Hotel	628
Crowne Plaza LAX	613
Terranea Resort	582
Radisson Hotel Los Angeles Airport	580
Beverly Hilton	569
Four Points by Sheraton LAX	567
Hyatt Regency Long Beach	528
Renaissance Los Angeles Airport Hotel	499
L.A. Hotel Downtown	491
Burbank Airport Marriott	488
Torrance Marriott South Bay	487

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ENVIRONS (Cont.):

Education

There are 79 public school districts in the county, with an enrollment of 1,634,421 in the 2010-2011 school year. In addition, there are well over 1,000 private schools, with an enrollment of more than 200,000.

The following are the largest colleges and universities located in Los Angeles County rank by full time 2013 enrollment as reported by the Los Angeles Business Journal:

<u>Institution</u>	<u>Location</u>	<u>2013 Enrollment</u>
University of California, Los Angeles	Los Angeles	42,163
University of Southern California	Los Angeles	41,010
California State University, Northridge	Northridge	38,310
California State University, Long Beach	Long Beach	35,592
California State University, Los Angeles	Los Angeles	23,258
California State Polytechnic University, Pomona	Pomona	22,501
California State University, Dominguez Hills	Carson	14,670
Azusa Pacific University	Azusa	10,755
Loyola Marymount University	Los Angeles	9,661
Pepperdine University	Malibu	7,315
Biola University	La Mirada	6,323
University of La Verne	La Verne	5,100
California Lutheran University	Thousand Oaks	4,282
Western University of Health Science	Pomona	3,787
Mount St Mary's College	Los Angeles	3,281
Whittier College	Whittier	2,368
Claremont Graduate University	Claremont	2,204
California Institute of Technology	Pasadena	2,181

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ENVIRONS (Cont.):

Occidental College	Los Angeles	2,128
Art Center College of Design	Pasadena	1,985

Transportation

The County is served by virtually all modes of transportation, including: ground, ocean and air. Ground transportation is available through numerous truck lines on an elaborate freeway system. Both freight and passenger rail service is also available. The County's light rail system, Metro Rail, is partially complete, providing passenger service to and from the downtown area to the west, to Hollywood and to the San Fernando Valley. In the early 1990s Metrolink commuter train service began in Southern California. One line runs in the southern part of the San Fernando Valley, a second line begins in Santa Clarita, and bisects the western part of the San Fernando Valley, a third line begins in San Bernardino County and traverses the San Gabriel Valley, another goes to the Pasadena area and finally, the fourth line begins in Riverside County and serves Orange County. All of these lines have their terminus point at the Los Angeles Union Station downtown. Light rail lines have been instituted between Long Beach and Los Angeles as well. The ports of Los Angeles and Long Beach have more total trade volume, which includes imports and exports, than the next four ports in the United States combined. In year 2009, the ports of Los Angeles/Long Beach had some 8,996,000 container units both in and out. Finally, the Los Angeles International Airport serves as the County's primary airport for both passenger and cargo transportation. In 2011, it had 61.862 million passengers, a decrease of 8.1% over 2010. Smaller airports are in Burbank and Long Beach (7.415 million passengers in 2011, an increase of 4.6% over 2010) and Palmdale.

Hospitals

The largest hospitals in Los Angeles County as of 2013, based on patient revenue, as reported by the Los Angeles Business Journal are:

<u>Hospital</u>	<u>Net Patient Revenue</u>	<u>Licensed Beds</u>
Cedars-Sinai Medical Center	\$2,327,200,000	896
Ronald Regan UCLA Medical Center	\$1,353,000,000	466
L.A. County-USC Medical Center	\$903,700,000	676
City of Hope	\$672,200,000	217
Children's Hospital of Los Angeles	\$634,600,000	603
L.A. County-Harbor UCLA Medical Center	\$533,100,000	538

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**ENVIRONS
(Cont.):**

Keck Hospital of USC	\$530,600,000	411
Long Beach Memorial Medical Center	\$521,400,000	462
Huntington Memorial Hospital	\$494,400,000	548
Pomona Valley Hospital Medical Center	\$454,400,000	453
Torrance Memorial Medical Center	\$450,800,000	401
Presbyterian Intercommunity Hospital Inc	\$441,900,000	444
Providence Saint Joseph Medical Center	\$420,500,000	414
Providence Holy Cross Medical Center	\$408,300,000	377
Santa Monica UCLA Orthopedic Hospital	\$400,100,000	266
St. Francis Medical Center	\$383,400,000	384
Northridge Hospital Medical Center	\$361,100,000	411
Citrus Valley Medical Center	\$356,400,000	518
Miller Children's Hospital of Long Beach	\$353,200,000	383
Glendale Adventist Medical Center	\$329,800,000	515
Antelope Valley Hospital	\$328,800,000	240
Providence Little Co of Mary-Torrance	\$322,600,000	442
White Memorial Medical Center	\$296,600,000	353
California Hospital Medical Center	\$280,100,000	319
LA County-Olive View UCLA Medical Center	\$279,600,000	407

ENVIRONS (Cont.):

Summary

Southern California continues to enjoy its status as the world's fifth largest economy and one of the stronger regions in the United States. The relatively weak economic environment has continued for a longer period, than industry pundits originally forecast, but the fundamentals of Los Angeles economy are basically sound and are showing some evidence of improvement. However, unemployment, state budget concerns, international political uncertainty, and the stock market's reoccurring volatility, among other factors, continue to fuel insecurity in business growth and consumers.

In summary, Los Angeles has a diverse and growing economy that is influenced by its mild climate and growing immigrant population. Also, it has established itself as one of the major import/export centers in the growing Pacific Rim economy. The economy is stable and accelerating, along with the regions and national economy but it is still robust.

City of Montebello

Montebello, incorporated in 1920, is a triangularly shaped 8.36 square mile general law city located nine miles east of the Los Angeles Civic Center, the county seat. Montebello is generally bounded by the cities of Monterey Park, South San Gabriel and Rosemead on the north, Pico Rivera on the east, and Commerce, and unincorporated areas of Los Angeles County on the west.

The southern two-thirds of Montebello is relatively level land; the northern third is gently rolling hills. The industrial and commercial southern portion of the City has an average elevation of 192 feet above sea level.

As of January 1, 2002, the City had a population of 63,750, which represents an increase of 4,744 or 8.00% over the 1990 Census figure and 11,379 or 21.5% over the 1980 Census figure. Montebello's population in acreage is roughly divided with approximately 40% located south of Whittier Boulevard and the remaining 60% located north of that right-of-way. All significant population future growth trends are anticipated in the northern sector. The current population makes Montebello the 29th largest city of the 88 cities in Los Angeles County. There are a total of 19,423 residential units in the city, of which 55% are of the single family type, 43.9% are multiple family, with the remainder being mobile homes. The average household size is 3.365 persons per dwelling unit. The city has a residential vacancy rate of 2.94%.

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ENVIRONS (Cont.):

The area encompassing the city was originally part of the Spanish rancho and was farm land starting in the late 1800's, with a townsite founded in 1899. Farming predominated into the first three decades of the twentieth century. Oil production dominated the economy after that. From the 1920's to the late 1950's the city's central business district, centered around Whittier Boulevard, became a principal artery to downtown Los Angeles.

The Montebello Town Center is the San Gabriel Valley's highest volume per square foot regional mall. It has more than 915,000 sf of gross floor area covering 58 acres. Montebello Town Square has more than 275,000 sf of gross floor area on 20 acres.

In 2001, the latest reporting year, the California Board of Equalization reports that Montebello had taxable sales of \$850,160,000 from 1,469 establishments, with 730 of those being retail stores having taxable sales of \$645,840,000.

The city has a very active redevelopment agency, offering commercial, industrial and residential assistance. The city has nine parks, an equestrian trail and 195 acres of park lands, tennis courts, swimming pools, plus a public golf course. Montebello has its own full-service police, fire and paramedic departments. There are 66 fire fighters in three stations, and 136 police employees, of which 95 are sworn officers. The city has its own transit department with 106 employees. Other city employees total 333 on a full and part time basis.

The Montebello Unified School District serves the area. Within the City of Montebello, there is a kindergarten through 12th grade enrollment of 16,551, plus 20,500 in an adult education program. The city has 7 elementary schools, three intermediate schools, two high schools, two adult education schools and a two special education schools. While it is centered in Montebello, the District has schools in the adjacent communities of Commerce, Bell Gardens, Monterey Park, Los Angeles, Pico Rivera and South San Gabriel. The city has Beverly Hospital (212 beds) and Kaiser Permanente medical center, with more than 300 physicians serving the area. The area also has a surgical center, dialysis center and an oncology center. The community has 32 parks, including a youth center, senior center and municipal golf course. There are some 25 financial institutions serving the community.

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ENVIRONS (Cont.):

The labor force is categorized and allocated as follows:

<u>Occupation</u>	<u>Employees</u>
Technical and Administrative	6,074
Managerial and Professional	5,553
Sales	3,112
Production and Repair	2,995
Service	2,837
Machine Operators	2,385
Laborers	1,329
Transportation	1,227
Agricultural	377

<u>Industries</u>	<u>Employees</u>
Manufacturing	5,620
Professional	5,069
Retail	4,527
Services	2,409
Finance	1,893
Wholesale	1,493
Transportation	1,452
Construction	1,354
Public Administration	895
Communications	754
Agriculture and Mining	433

The largest employers in the city are:

<u>Firm</u>	<u>Employees</u>
Montebello Town Center	2,000
Montebello Unified School District	1,600
Beverly Hospital	1,150
Oroweat/Entemann's Baked Goods	800
City of Montebello	640
Montebello Plaza	550
Montebello Town Square	450
Montebello Mart	400
Kent Landsberg/Sunclipse	370
J. C. Penney	250
Price/Costco	250

COMMERCIAL LAND
121 S. 6th STREET
MONTEBELLO, CALIFORNIA

ENVIRONS (Cont.):

<u>Firm</u>	<u>Employees</u>
Robinsons-May	250
G. S. Dunbar & Co.	210
Mervyn's	200
Monarch Litho	200
Vons Companies	195
Royal Paper Box	180
Teac America	175
United Parcel Service	160
Pro Express	160
Sears	160
Coca-Cola Bottling	150
Quite Cannon Montebello	135
Myers Electric Products	100
Consolidated Drum Reconditioning	100
Lucky's Markets	100
Contractors Warehouse	100

Approximately 6.6% of Montebello is commercially zoned land. Commercial zones (C-R, C-1, C-2, C-M) total nearly 300 acres and are concentrated on the most frequented public rights-of-way. Commercially zoned land is primarily of strip development-type in the more mature portions of Montebello. The major east/west thoroughfares of Whittier and Beverly Boulevards and the Pomona Freeway access locations are oriented toward peak pedestrian and vehicular traffic arteries.

Montebello is encircled by major Los Angeles metropolitan area freeways. The Santa Ana Freeway (Interstate 5) abuts the southerly side of Montebello's primary industrial area. The Long Beach Freeway (Interstate 710), a major route to the deep water ports of Los Angeles and Long Beach, is approximately two miles west of the city. The Pomona Freeway (State Route 60) is a major east/west route that is adjacent to Montebello's northern boundary. The San Gabriel River Freeway (Interstate 605) is approximately two miles east of Montebello. In addition to these four freeways, major surface traffic arteries (such as Whittier, Olympic and Washington Boulevards) facilitate access to and from Montebello's industrial and commercial areas.

**COMMERCIAL LAND
121 S. 6th STREET
MONTEBELLO, CALIFORNIA**

ENVIRONS (Cont.):

All modes of transportation are available to the city. Rail transport service is provided by the Union Pacific and Santa Fe railroads (freight) as well as Metrolink and MATRAK (passenger). Spur lines are located in Montebello's industrial area. Overnight truck delivery is available throughout California and nearby Arizona and Nevada. Los Angeles International Airport (LAX) is approximately 20 miles west of Montebello. Long Beach Airport is approximately 20 miles to the south. Other major airports in the nearby area include: Hollywood-Burbank Airport (about 25 miles), Ontario International Airport (about 35 miles) and Orange County Airport (about 30 miles). Additional airport facilities available for private and commercial commuter aircraft are located approximately five miles northeast of Montebello, in El Monte. Local bus service is provided by Montebello Municipal Bus Lines and Southern California Rapid Transit District. Nearby ports are located in Los Angeles and Long Beach, both some 25 miles distant.

The City's utility requirements are serviced as follows:

	Water: City of Montebello, San Gabriel Valley Water Company, South Montebello Irrigation District, Montebello Land and Water, California Water Service Company
Sewer:	Los Angeles County Sanitation District No. 2
Natural Gas:	Southern California Gas Company
Electric Power:	Southern California Edison Company
Telephone:	Pacific Bell
Trash:	Athens Disposal
Cable Television:	Charter Communications

Local

The subject property is located in the central part of the City of Montebello. It is situated along a neighborhood collector. It is just to the south of Whittier Blvd. To the south are typically found older single family residential properties and to the north a half block are older central business district properties laid out in a strip matter with buildings fronting onto Beverley Blvd. and supportive parking lot to the rear.

COMMERCIAL LAND
121 S. 6th STREET
MONTEBELLO, CALIFORNIA

ACCESS:

The subject property is located mid-block on a neighborhood collector.

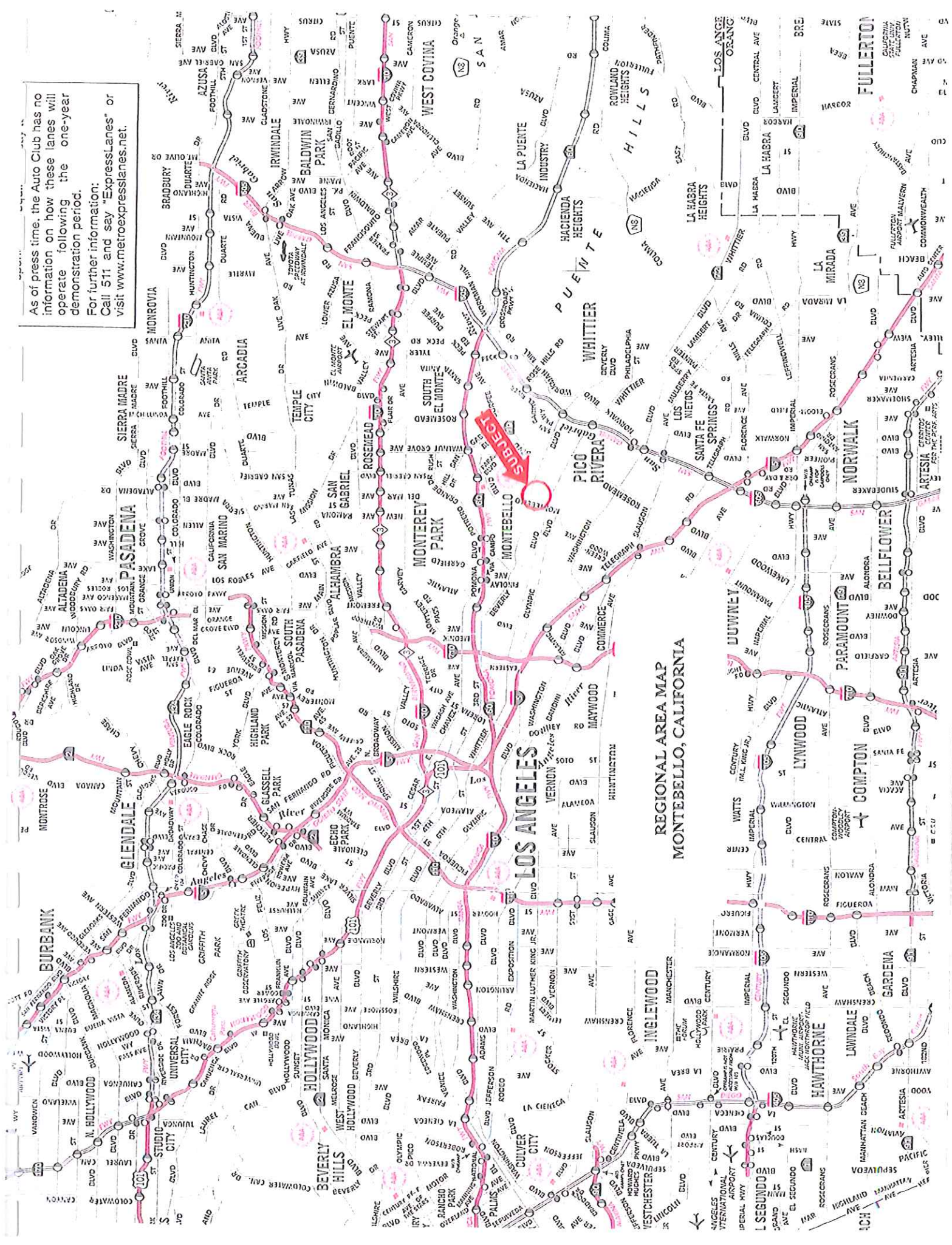
6TH STREET is a north/south neighborhood collector that runs for some 6 blocks in a continuous manner to the north and south of Whittier Blvd. It is also found to the north and south of this area but it is not a continuous thoroughfare. It has a right of way width of 60 ft. and is fully improved with concrete curbs, gutters, and sidewalks within a width of 52± ft. Curbside parking is generally permitted.

TRAFFIC:

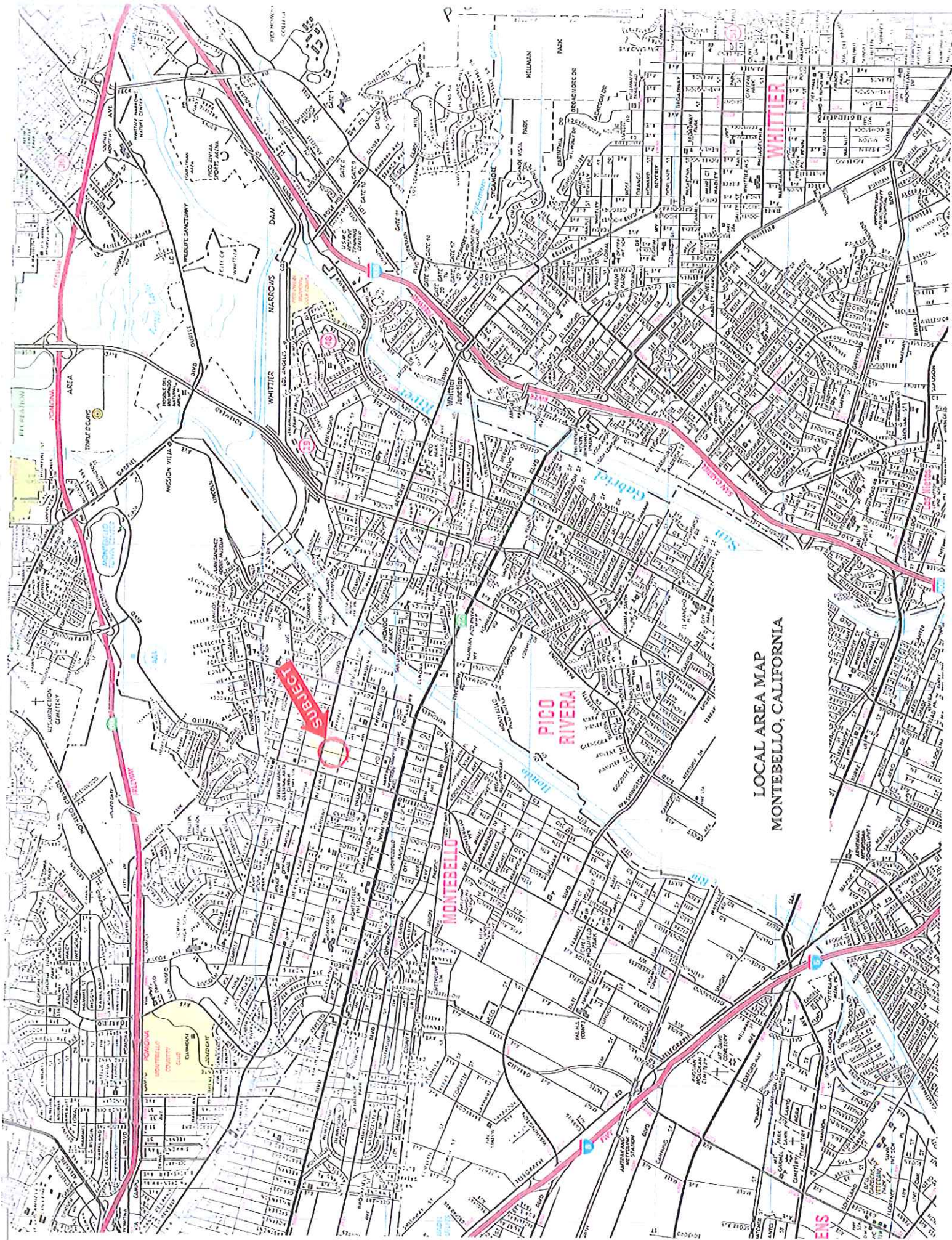
The City of Montebello Traffic Engineering Department does not report Average Daily Traffic (ADT) counts on this thoroughfare because of its local nature. We estimate that current traffic here would range from 1,500 to 2,500 vehicles per day.

As of press time, the Auto Club has no information on how these lanes will operate following the one-year demonstration period.

For further information:
Call 511 and say "ExpressLanes" or visit www.metroexpresslanes.net.



REGIONAL AREA MAP MONTEBELLO, CALIFORNIA



LOCAL AREA MAP
MONTEBELLO, CALIFORNIA



AERIAL VIEW
121 S. 6TH STREET

COMMERCIAL LAND
121 S. 6TH STREET
MONTEBELLO, CALIFORNIA

SUBJECT PROPERTY

GENERAL:

The following paragraphs, which describe the subject site and its improvements, are based on information provided us, on available public records and on our physical inspection. We were not provided with a title report in the course of this analysis. The photographs contained herein were taken at the time of our inspection.

ASSESSED OWNER/APPAISED OWNER:

Montebello Successor Redevelopment Agency

1600 W. Beverley Blvd.
Montebello, California 90640

SALESHISTORY:

According to the Los Angeles County Assessor's Records, the subject property last transferred on November 24, 2008 from Juan and Maria Paez Trust to the City of Montebello Successor Redevelopment Agency recorded November 26, 2008 by Document No. 2094632. The sales price is not indicated.

We are not aware of any other transactions. . . past, present, or pending, regarding the subject property.

PROPERTY LOCATION:

121 S. 6th Street
Montebello, California 90640-5209

The subject is located mid-block on the westerly side of 6th Street from 203 ft. south of Whittier Blvd. in the southeast portion of the City of Montebello central business district in the southwestern part of the San Gabriel Valley area, Los Angeles County, California.

Thomas Brother Guide: Page , Grid (Los Angeles County 2015)

Census Tract No. : 5321.01 (Los Angeles County SMSA - 2010)

**COMMERCIAL LAND
121 S. 6TH STREET
MONTEBELLO, CALIFORNIA**

LEGAL DESCRIPTION:

The subject property is situated in the City of Montebello, Los Angeles County, California, and is described as follows:

A portion of Lot 3 in addition No. 1 to the Town of Newmark.

ASSESSOR'S DATA (2015-2016):

Assessor's Parcel No.	6349-006-900
Assessed Values:	
	Land: \$21,874
	Improvements: <u>\$0</u>
	Total: \$21,874
Tax Rate Area:	6330
Tax Rate:	\$ per \$100 Assessed Value (2015-2016)
Taxes:	\$0 (2015-2016) Governmentally owned

PHYSICAL DESCRIPTION - LAND:

Shape:	Rectangular (See attached Assessor's Map for further definition)
Dimensions:	44 foot net frontage on 6 th Street and across rear property line 137.5 ft. along north and south property lines
Area Content:	<u>6,050 +/- sf or 0.1389+/- acres</u> (The above area calculations are taken from the Los Angeles County Assessor's Map).
Topography:	The subject site is flat and level, the normal amount above street grade and at the grade of the adjacent parcels.
Soils:	We were not provided a soils report in the course of this investigation. Nevertheless, the immediately surrounding area as well as the

COMMERCIAL LAND
121 S. 6TH STREET
MONTEBELLO, CALIFORNIA

PHYSICAL DESCRIPTION – LAND (Cont.):

Soils:	subject has been developed for decades with no apparent soils problems. We assume that the site's soil conditions are adequate to allow for full development of the subject site to its highest and best use. However, a review of a soils study would be necessary to confirm such an assumption.
EPA Superfund (CERCLIS):	None reported
Hazardous Substances:	Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl's, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials nor in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expellise or engineering knowledge required to discover them.

**COMMERCIAL LAND
121 S. 6TH STREET
MONTEBELLO, CALIFORNIA**

PHYSICAL DESCRIPTION – LAND (Cont.):

Access:	The subject property is currently accessible to 6 th Street by a concrete driveway apron.
Utilities:	All normal public utilities are apparently in place in the adjacent streets and are apparently connected to the subject sites. It appears that utilities satisfy the highest and best use development of the subject sites. The utilities existence is contingent upon verification with the appropriate government agencies.
Easements:	There are no known or apparent easements along or across the subject property that would affect its highest and best utilization. However, we would have to review a title report in order to verify such an assumption.
Offsite Improvements:	6 th Street is fully improved immediately adjacent to the subject property. It is asphalt paved with concrete curbs, gutters, and sidewalks. Street lights are in place.
Flood Hazard:	The Federal Emergency Management Agency (FEMA), through the National Flood Insurance Program, publishes flood insurance rates maps. The property is in Flood Hazard Area C, an area of minimal flooding. This is in accordance with Community-Panel No. 060141-0001 B, dated March 18, 1980.
Earthquake Hazard:	The subject property is not located within or affected by an Earthquake Fault Zone as specified by the Alquist-Priolo Earthquake Fault Zoning Act. However, the Montebello area, as well as portions of the entire Southern California area, are subject to impact from other nearby faults.

PHYSICAL DESCRIPTION – IMPROVEMENTS:

General

The subject property is currently vacant and enclosed with a chain link fence across the street frontage, however as late as several years ago the property was improved with a single story single family residence containing 1,194 sf. There was 3 bedrooms and 1 bath, constructed in 1918.

ZONING:

C-2 (General Commercial) as per Section 9240 of Part III-Division B of the City of Montebello Zoning Ordinance.

The C-2 zone is established to provide for business centers in areas where a wide range of retail sales and service establishments are needed to accommodate the surrounding community.

The following uses are permitted with a conditional use permit: automobile rental agencies, automobile sales, new and used, bars/cocktail lounges, bowling alleys, car washes, cemetery, child care centers, churches, private clubs, convalescent hospitals, drive-in theaters, educational institutions, gymnasiums, senior citizens homes, hospitals, liquor stores, mortuaries, public utilities, recreational facilities, service stations, theaters, truck sales and rentals. Permitted uses include a wide variety of service and retail commercial uses, banks, drive-in theaters, drive-in restaurants, drug stores, equipment rental/sales, hardware stores, motel/hotels, food markets, nurseries, offices, restaurants and take-out food stores.

This zone has a minimum lot size of 2,500 sf with a minimum width of 25 feet. Maximum floor area ratio is 2 to 1. Minimum setbacks are 20 feet from the front, with no side or rear yard setbacks, so long as the property does not abut a residential zone. Building height limit is 60 feet, except where a common lot line with an R I zone is found, where the height is restricted to 35 feet. Maximum floor area ratio is four. On-site trash areas shall be provided and shall be screened by walls or fences from view. No outdoor storage shall be allowed.

Chapter 17.52 of the Montebello Zoning Ordinance specifies off-street parking. All new buildings are to satisfy the current parking code. Existing uses, unless they are modified or replaced can maintain their current zoning standards. The parking requirements are established based on the use of the site.

ZONING (Cont.):

Retail and offices generally require one space per 400 sf of gross floor area, except for medical offices which require one space per 200 sf of gross floor area. Sit down restaurants call for one space per three sets plus one per each 400 sf of gross floor area. Take-out restaurants, with no seating provided, require one space per every 400 sf of gross floor area. Any industrial use, including warehousing, are to be at one space per 500 sf of gross floor area. Outdoor uses, including automobile sales, are to be at one space per 1,000 sf use for open display or sales to 10,000 sf then one space per 5,000 sf in excess of the first 10,000 sf. All parking spaces shall be provided with a suitable concrete wheel stop.

The City's General Plan calls for the subject area to be General Commercial. Thus, the zoning map and the general plan are coincident.

The City of Montebello has three major redevelopment project areas. The subject area is not located within one of these redevelopment areas.

PRESENT USE AND OCCUPANCY:

The subject property is currently vacant and unoccupied.

HIGHEST AND BEST USE:

Definition

Highest and best use is defined as that reasonable and probable use that will support the highest present value, as presently defined, as of the date of the appraisal. Alternately, it is that use, from among reasonably probable and legal alternate uses found to be physically possible, appropriately supportive, financially feasible, and which results in highest land value.

Physically Possible

The subject site is rectangular and encompasses 6,050 sf. Thus, the site has a size and dimensions that make it readily available for uses within the zone.

Legally Permissible

The subject property is located in the C2 zone, which is the broadest commercial zone within the city of Montebello. Consequently, a wide array of retail and service commercial uses, as well as offices are permitted here.

HIGHEST AND BEST USE (Cont.):

Financially Feasible

Financial feasibility takes into consideration neighborhood land use trends, competition, value trends, absorption rates, and factors of supply and demand, relative to various alternate uses that are physically and legally permissible.

Highest and Best Use - "As Though Vacant Land"

Based on the above data, it is our opinion that the highest and best use of the subject site, as though vacant land, would be for some type of retail or service commercial use.



View of the subject property from across
6th Street.



View north on 6th Street with Whittier
Boulevard in mid picture.

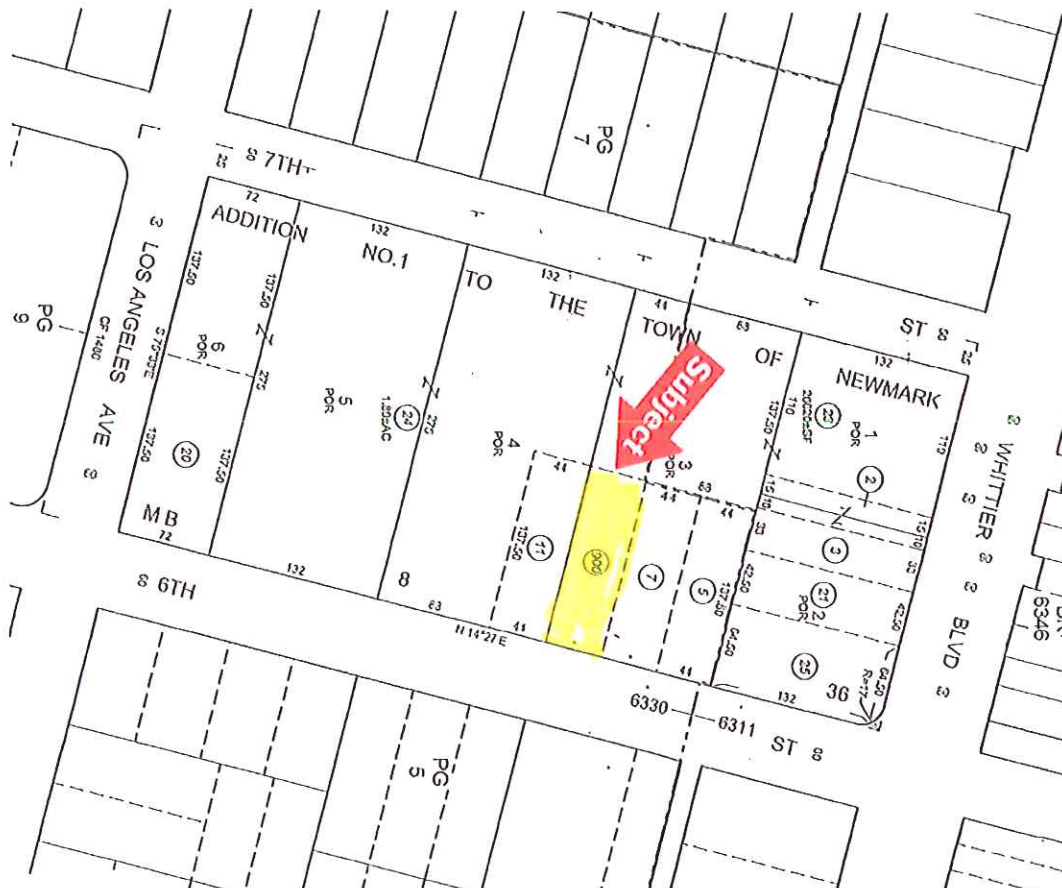


Looking south on 6th Street with the subject property off to the right.



MAPPINO AND CIS
SERVICES
SCALE 1" = 60'

NOT



Subject

ASSESSOR'S MAP
121 S. 6TH STREET
MONTEBELLO, CALIFORNIA

121 S. 6TH STREET

MONTEBELLO, CALIFORNIA

MAY 20 2009

VALUATION

APPROACH TO VALUE:

General

Recognizing that the vacant subject property has its highest and best use for some residential purpose, we look to the Market Data Approach to Land in order to establish underlying property value. All market data items have been verified by one or more sources considered to be reliable, including parties in the transaction, brokers familiar with the transaction, Xceligent Group, Inc., or other market data reporting sources, and/or by full value documentary stamps on deeds followed by the County Assessor's re-evaluation in the public records. Neither the Market Approach to improved property, the Cost-Summation Approach nor the Income Approaches have application in the valuation of this vacant land.

We have not valued any mineral rights, business interests or items of furnishings, fixtures and equipment in this analysis.

Non-Economic Value

The subject parcel does not appear to have any intrinsic, natural, cultural or scientific value, based upon our inspection and investigation, and in the course of our analysis we have not been made aware by any governmental agency or professional group of the potential for such value.

Market Data Approach--Land

The subject property is zoned for commercial use. Accordingly we look for sales of land parcels similar in size and locational characteristics to the subject that were zoned for residential use. We concentrated our search within the nearby areas of the San Gabriel Valley.

The four comparables that were found to be applied in our analysis are vacant subject properties located in the cities of Montebello (2), Rosemead, and Whittier. They sold between April 2015 and March 2016. No more relevant transactions were made known to us.

The comparables have site sizes ranging from 5,545 sf to 38,487 sf and sold between \$130,000 and \$880,000, which reflects unit prizes in a range of \$18.42 psf to \$23.44 psf.

At the rear of the write-up is a summary (Table II) of these comparables, followed by a map geographically locating the sales in relation to the subject. In addition, each comparable is individually outlined on a separate market data sheet.

We will briefly discuss each of the comparables, and make appropriate adjustments in their unit sale price relative to the subject in the following paragraphs. The following Table I summarizes these adjustments.

Market Data Approach—Land (Cont.)

Comparable No. 1 is located in to the north of the subject in the city of Rosemead and is considered superior because of its related water company transfer calling for a negative adjustment. The subject is inferior because of its concrete block borders to the north and west limiting access and exposure calling for a negative adjustment. All other factors are considered similar to the subject. Consequently, the adjusted unit price is \$18.99 psf of land.

Comparable No. 2 is to the south of the subject and is corner oriented calling for a negative adjustment and the subject has concrete block borders on the north and west making it inferior calling for a negative adjustment. All other factors are considered similar to the subject. Consequently, the adjusted unit price is \$18.30 psf of land.

Comparable No. 3 is to the south and east in an area considered similar however the subject concrete borders on the north and west make it inferior. Consequently, the adjusted unit price is \$17.28 psf of land.

Comparable No. 4 is just to the west of the subject in the city of Montebello. It has similar characteristics except its corner orientation makes it superior calling for a negative adjustment and the subject concrete block walls next to the north and west make it inferior as well. Consequently, the adjusted unit price is \$14.74 psf of land.

The following chart (Table I) adjusts these comparables relative to the subject site in a sequential manner for various elements. Presented on a unit price basis, the recorded price per square foot is first adjusted for financing terms and conditions of sale to determine a normalized price per square foot. Adjustments for financing terms attempt to put recorded prices on a cash equivalency basis, where necessary, since financing arrangements can vary widely.

If a buyer had more favorable financing terms than are generally available in a given market at a given time, the price otherwise paid would tend to be higher than a pure cash equivalent price. Conversely, if the buyer had less-than- favorable financing relative to market norms at a particular time, the price paid would tend to be lower than an otherwise cash equivalent price. Adjustments for conditions of sale attempt to normalize a price, when necessary, for conditions of sale that are atypical and that may result in a higher or lower price than that of a normal market transaction. For example, a distressed seller may be forced to sell below a market price, or a buyer with specific personal needs may be willing to pay a premium over an otherwise normal market price. Similarly, related party transactions or special income tax situations may have positively or negatively influenced a reported price relative to what would have been paid by more typical buyers. Thus, adjustments for conditions of sale attempt to normalize these factors as well. Because market conditions may change over time and affect prices paid today for property relative to prices that may have been paid in the past, adjustments for date of sale attempt to remove such effects from the normalized price per square foot. The time-adjusted price per square foot is then further adjusted for possible differences in location and physical elements. Adjustments for location reflect whether a comparable has superior situs (mid-block versus corner), accessibility, and proximity to major transportation corridors

TABLE I
COMMERCIAL LAND

SUBJECT	Adjustments (%):			Adjustments (%):			Adjustments (%):			Site Size (sq ft)	Net Adjustment	Adjusted (Per Land)
	Unadjusted Sale Price	Recorded Price (Per Land)	Financing Terms	Conditions of Sale	Adjusted Price (Per Land)	Date of Sale	Time-Adjusted (Per Land)	Location	Orientation			
1	\$130,000	\$25.44	Cash Equiv	Normal	\$21.10	4/15/2016	Montebello	MidBlock	Rectangular	6,050		
2	\$880,000	\$22.87	Cash Equiv	Related Parties	\$22.87	3/5/2016	Roomstead	Interior	Rectangular	5,545	-10%	-10%
3	\$134,000	\$19.20	Cash Equiv	Normal	\$19.20	9/3/2015	Montebello	Corner	Rectangular	38,487	-10%	-25%
4	\$265,000	\$18.42	Cash Equiv	Normal	\$18.42	8/4/2015	Whitner	MidBlock	Rectangular	6,976	-10%	-10%
5							Montebello	Corner	Rectangular	14,387	-10%	-20%

TABLE II
MARKET DATA SUMMARY
COMMERCIAL LAND SALES
SAN GABRIEL VALLEY, CALIFORNIA

	<u>Location</u>	<u>City</u>	<u>Sale Date</u>	<u>Zone</u>	<u>Site Size (sf)</u>	<u>Total Sales Price</u>	<u>Price Psf</u>
<u>1</u>	Lower Azusa and Encinita	Rosemead	3/3/2016	R1	5,545	\$130,000	\$23.44
<u>2</u>	Northside Washington west of Carob	Montebello	9/3/2015	CM	38,481	\$880,000	\$22.87
<u>3</u>	Eastside Milton north of Philadelphia	Whittier	8/24/2015	C2	6,976	\$134,000	\$19.21
<u>4</u>	Northeast corner Whittier & 19th	Montebello	3/23/2015	C2	14,387	\$265,000	\$18.42

COMMERCIAL LAND
121 S. 6TH STREET
MONTEBELLO, CALIFORNIA

Market Data Approach—Land (Cont.)

and/or facilities. Locational adjustments also reflect potential differences in price levels at a particular time that may exist between one neighborhood or community and another relative to the subject property. Finally, adjustments for physical elements reflect positive or negative differences, relative to the subject property, resulting from site size, configuration, topography, soils conditions, and any improvements that may have affected the underlying land sale. The result is an adjusted price per square foot for each comparable, from which an appropriate unit price can be chosen to be applied to the subject property.

The land comparables are estimated to have adjusted unit prices or value indications of \$14.74 psf of land to \$18.99 psf of land, with a median of \$17.79 psf of land and a mean of \$17.73 psf of land.

Based on an analysis of this data, and considering the influences of zoning and use approval, time of sale, general location, site size and configuration, and intended use, among other factors, we conclude that the 6,050 sf subject site area, has a unit price of \$17.50 ± psf of land, resulting in a total rounded land value of:

\$106,000

Correlation and Conclusion: Valuation

The following summary of the value indications from the above analysis is as follows:

<u>Approach to Value</u>	<u>Value Indication</u>
Cost	N/A
Market – Land	\$106,000
Market – Improved	N/A
Income	N/A

As has been previously discussed, only the Market Data Approach to Land has application in this vacant land analysis.

Predicated on recent comparable commercial land sales in the nearby San Gabriel Valley area, we conclude that the commercially zoned 6,050 sf subject site, as of April 20, 2016, has a unit value of \$17.50± psf of land or an overall value of:

\$106,000

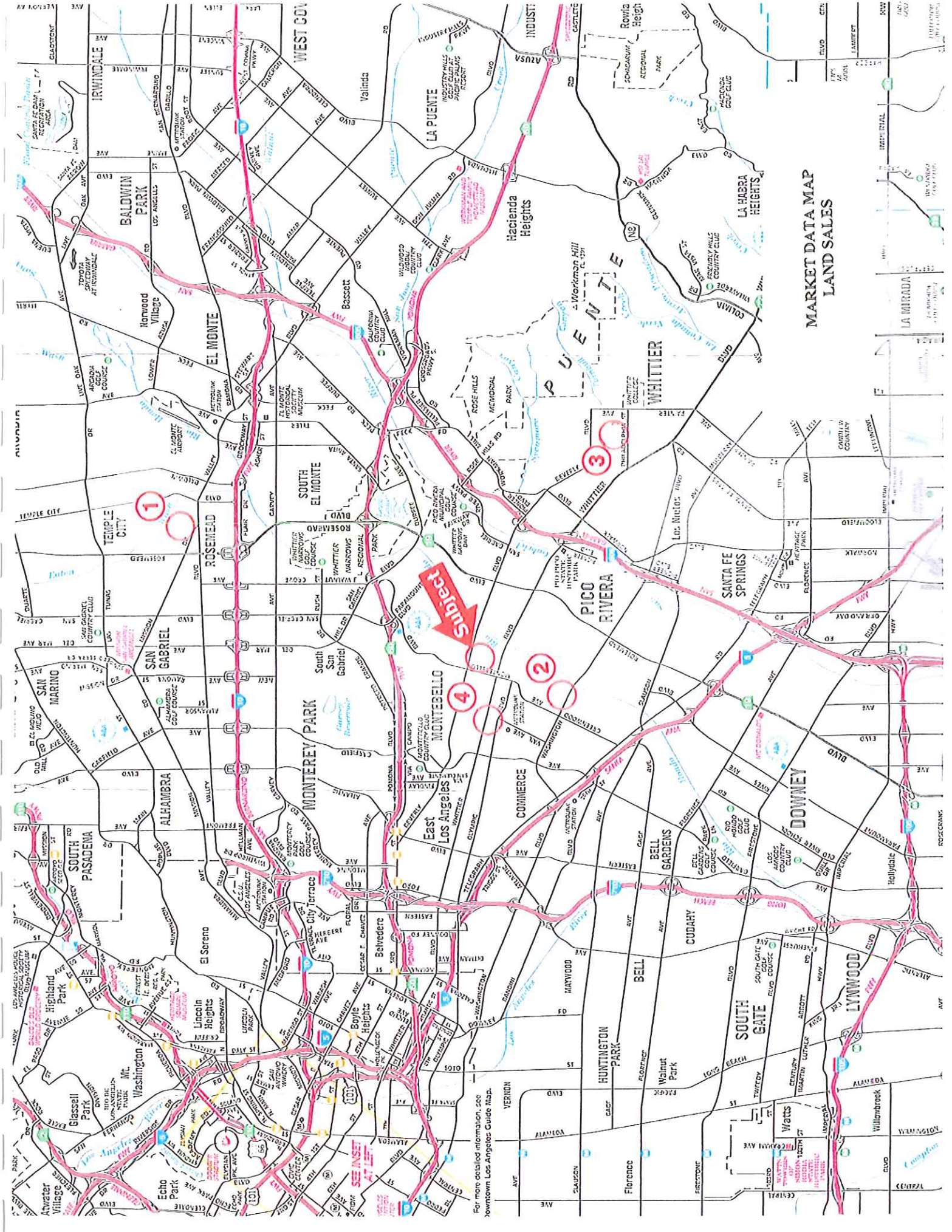
ONE HUNDRED SIX THOUSAND DOLLARS

Market Data Approach—Land (Cont.)

In arriving at our valuation conclusion of this property, we employed the Market Data Approach to Land since there are no existent site or building improvements at this location.

This appraisal report is intended to comply with the reporting requirements set forth under Standard Rules 2-2 of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, this report states and summarizes the data, reasoning and analysis that were used in the appraisal process to develop the appraiser's opinion of value. This report is not considered to depart from the specific guidelines of USPAP, as specified herein.

Any significant changes to the site size or configuration, to the improvements in size or quality, or any other material information supplied to us in this analysis, as further identified herein, could affect our valuation conclusion and would require a re-evaluation of our analysis.



MARKET DATA MAP
LAND SALES

For more detailed information, see
Jowntown Los Angeles Guide Map.

SEE INSET
AT LEFT

**COMMERCIAL LAND
MARKET DATA NO. 1**

LOCATION: Interior Lower Azusa Road east of Encinita Avenue, Rosemead

LEGAL: Potrtion of Tract 11282

SELLER: Adams Ranch Mutual Water Co.

BUYER: California-American Water Co.

ZONE: R1

PRESENT USE: Commercial

LAND:

- SHAPE: Irregular

- AREA (sf): 5,545

- TOPO: Flat and level, the normal amount above street grade

ASSESSOR'S DATA: 8592-016-049

RECORDED: 3/28/2016

DOCUMENT NO.: 332642

SALES PRICE/SF: \$23.44

SALES PRICE: \$130,000.00

TERMS: Grant deed/deed of trust

REMARKS:

**COMMERCIAL LAND
MARKET DATA NO. 2**

LOCATION: Northside Washington Boulevard west of Carob Way, Montebello

LEGAL: Portion of Map Book 7, Pages 134 and 135

SELLER: Elias D. Friedlich

BUYER: Sje Washington Blvd LLC

ZONE: CM

PRESENT USE: Vacant land

LAND:

- **SHAPE:** Irregular

- **AREA (sf):** 38,487

- **TOPO:** Flat and level, the normal amount above street grade

ASSESSOR'S DATA: 6352-028-012

RECORDED: 9/22/2015

DOCUMENT NO.: 1171153

SALES PRICE/SF: \$22.87

SALES PRICE: \$880,000

TERMS: Grant deed/deed of trust

REMARKS:

**COMMERCIAL LAND
MARKET DATA NO. 3**

LOCATION: Eastside of Milton Avenue North of Philadelphia Street, Whittier

LEGAL: Lot 16, Block 11, Whittier Tract

SELLER: Yu-Chun Chiang

BUYER: Mercury Investment, LP

ZONE: C2

PRESENT USE: Vacant Land

LAND:

- **SHAPE:** Rectangular

- **AREA (sf):** 6,976

- **TOPO:** Flat and level, the normal amount above street grade

ASSESSOR'S DATA: 8139-013-010

RECORDED: 8/6/2015

DOCUMENT NO.: 1350666

SALES PRICE/SF: \$19.20

SALES PRICE: \$134,000

TERMS: Grant deed/deed of trust

REMARKS:

**COMMERCIAL LAND
MARKET DATA NO. 4**

LOCATION: Northeast corner Whittier Boulevard & 19th Street, Montebello

LEGAL: Portion of Lots 1, 2, and 3, Tract No. 10622

SELLER: William Beck Trust

BUYER: Kenneth Group Inc.

ZONE: C2

PRESENT USE: Commercial; vacant

LAND:

- **SHAPE:** Corner rectangle

- **AREA (sf):** 14,387

- **TOPO:** Flat and level, the normal amount above street grade

ASSESSOR'S DATA: 6344-020-013

RECORDED: 6/9/2015

DOCUMENT NO.: 735996

SALES PRICE/SF: \$18.42

SALES PRICE: \$265,000

TERMS: Grant deed/deed of trust

REMARKS:

CARL W. BOZNANSKI

LICENSE

State of California: Certified General Real Estate Appraiser No. AG010837
(Expires June 15, 2017)

EDUCATION

University of Southern California - M.B.A. Degree, Major in Management, Minor in Finance

University of Notre Dame - B.S.A.E. Degree, Major in Aeronautical Engineering

University of Southern California, University of California and Orange Coast College - First Year Law School - Real Estate Courses in Finance, Law and Practice; Contracts Courses

Appraisal Institute, Society of Real Estate Appraisers, Orange Coast College, Acheson Appraisal, Real Estate Trainers, California State University - Fullerton, Marshall Valuation Service, Caltrans - Over 600 hours in courses and seminars covering topics such as: USPAP; Federal & State Laws; Standards of Professional Practice; Appraisal Principles; Basic Valuation Procedure; Real Estate Appraisal; Capitalization & Cash Flow; Basic Valuation/Capitalization; Regression Analyses; Income Capitalization; Hotel/Motel Valuation; Commercial/Residential Cost Analyses; FIRREA - Overview & Application; Partial Taking; Understanding Limited Appraisals; Appraising Land; Land Development; Appraisal Computer Application; Special Purpose Properties.

EXPERIENCE

Boznanski and Company, 1984 - Present. Mr. Boznanski is the founder and Principal Appraiser of this real property valuation and consultation firm. Property evaluation has encompassed all types of real estate for a myriad of purposes. The firm has performed business appraisals as well.

The appraisals cover all types of property, including vacant land as well as improved property. Valuation appraisals have been performed for acquisition purposes, both for governmental and private client; for assessment districts; for domestic and partnership property settlements; for litigation; for tax matters, for estate purposes; and in support of various financial dealings. These appraisals call for the determination of either present or past fair market value, based on a highest and best use analysis. They include whole and fractional interests as well as discounted cash flow analysis. Long-term leased fee and leasehold estate evaluations have also been determined. Easements and surface right values have been established. Ground leases have been valued. Specific types of property appraised have included farm land, single family and multiple family residential, including condominiums, as well as commercial, office, industrial and special purpose parcels. Among the special purpose properties appraised have been a major sports stadium, a major amusement park, cemeteries, sub-division land development studies,

EXPERIENCE (Cont.):

hospitals, medical centers, nursing homes, retirement homes, hotels/motels, shopping centers, service stations, car washes, garden nurseries, building centers, auto dealerships, bowling alleys, municipal buildings, mobile home parks, dairy processing plants, wineries, mortuaries, pre-schools, school sites, schools, churches, residential tracts, etc. Several very large scale municipal appraisal projects have been performed encompassing more than 100 parcels. These latter right-of-way appraisals have been for total acquisition as well as for partial taking.

Other types of appraisals performed include reuse appraisals of property to be used for industrial, office, residential, commercial and auto center purposes. This type of appraisal considers the evaluation of properties with certain developmental restrictions. Review of appraisals have been conducted for numerous governmental agencies, financial institutions and private parties in order to determine the adequacy of appraisals prepared by others.

Mr. Boznanski has performed numerous condemnation appraisals (eminent domain) for both governmental and private clients and has appeared many times in various California Superior Courts as an expert witness in real property matters. In addition, he has testified on numerous occasions in United States Federal Bankruptcy Court.

He has also been responsible for land use feasibility, absorption and economic studies conducted on residential, commercial and industrial sites in order to establish cost-benefit ratios for proposed or existing developments.

Donahue & Company, Inc. 1970-1984. A founder of Donahue and Company, Inc. and one of two principals, Mr. Boznanski, as a Senior Property Specialist of the firm, was responsible for performing appraisals on all types of real property, as well as managing the development of urban study programs. He oversaw the general operations of the firm in his capacity of Executive Vice President.

Trans-Capital Investment Associates, 1969 - 1974. General Partner, providing consultation and operational direction to a private investment fund, Venture Equity.

Systematic Management Associates, 1967-1968 and 1969-1970. Principal providing management and engineering consultation concerning systems controls of aerospace projects.

PRC Technical Applications, Inc. 1968-1969. Regional Manager of the firm performing a wide range of engineering and management services. These tasks were performed for government agencies as well as for major contractors. He was responsible for the marketing, management and technical performance of a staff of 25.

EXPERIENCE (Cont.):

North American Rockwell, 1958-1967. Engineering Supervisor accountable for the implementation of engineering systems controls for various systems of the Apollo spaceship as well as other aerospace projects.

ASSOCIATIONS

National Association of Review Appraisers & Mortgage Underwriters - Senior Member (C.R.A.)

PUBLIC OFFICE

Planning Commissioner, City of Yorba Linda, 1980-2007

Chairman - 1981/1986/1991/1996/2001/2006

Vice Chairman - 1980/1985/1990/1995/2000/2005

Yorba Linda Water District – 2009 - present

Chairman, Citizens Advisory Committee

PUBLIC SPEAKING/TEACHING - REAL PROPERTY VALUATION

Association For Governmental Leasing & Finance - Boston 1995

Approved California Office of Real Estate Appraiser instructor

CLIENTS (Partial List)

Approved Appraiser - Resolution Trust Corporation

Public - Cities and Redevelopment Agencies

Apple Valley	Fontana	Norco	Santa Ana
Azusa	Fullerton	Orange	Stanton
Baldwin Park	Glendale	Palmdale	Tehachapi
Barstow	Hesperia	Pasadena	Temple City
Big Bear Lake	Indio	Placentia	Tustin
Carson	Irwindale	Pleasanton	Victorville
Claremont	Lakewood	Pomona	West Covina
Colton	La Habra	Poway	West Sacramento
Compton	La Mirada	Rialto	
Corona	Lancaster	Rancho Mirage	
Costa Mesa	Los Angeles	Riverside	
Downey	Lynwood	San Bernardino	
Duarte	Montebello	San Clemente	
El Monte	Madera	San Diego	
El Segundo	National City	San Dimas	

Public - Other

Anaheim Union High School District
Apple Valley Unified School District
Apple Valley Water District
Azusa Light & Water
Caltrans (State Transportation Dept.)
Center Unified School District
Chaffey Community College District
Downey Unified School District
Escondido School District

Federal Deposit Insurance Corporation
Fountain Valley Municipal Water District
Fountain Valley Elementary School District
Hemet Unified School District
Glendale Unified School District
Keppell Union School District
Lancaster Elementary School District
Lake Elsinore Unified School District
Los Angeles County Sanitation Districts

CLIENTS (Partial List) (Cont.):

Los Banos Unified School District
Manhattan Beach Unified School District
Metropolitan Transit Authority
Metropolitan Water District
Moreno Valley Unified School District
Moss Landing Harbor District
Murrieta Valley Unified School District
Orange, County of – GSA/Real Estate Division
Orange County Transit Authority
Palmdale Unified School District
Perris Union High School District
Placentia-Yorba Linda Unified School District
Pomona Unified School District
Pomona Valley Municipal Water District

Rancho Santiago Community College District
Rescue Union Elementary School
Rim of the World Unified School District
Riverside Highland Water
Romoland School District
San Bernardino Economic Development
San Dieguito Union High School District
San Jacinto Unified School District
Santa Ana Unified School District
Southern Kern School District
Tehachapi Unified School District
Western Placer Unified School District
U. S. Department of Agriculture, Forest Service
U. S. Department of Navy
Val Verde Unified School District

Corporate and Financial

Adams Properties, Inc.
Adohr Farms
American Continental Bank
American International Bank
American Plus Bank
AOB Management
ARCO
Bank of A. Levy
Bank of America
Bank of Anaheim
Bank of California
Bank of Hollywood
Bank of Newport
Bank of Taiwan
Bank of the West
Bank of Yorba Linda
Beacon Bay Enterprises
Bianchi International
R. C. Boatman, Co.
Bourns, Inc.
Buena Park Lumber Company
California Commerce Bank
California State Bank
Carl Karcher Enterprises
Century America Corp.
Cerritos Valley Bank
Charter Pacific Bank
China Trust Bank of California
City National Bank
Citycorp Real Estate
Coast Savings and Loan
Commerce Federal Savings
Columbia Savings and Loan
Continental Bank of America

Dah Sing Bank
DBS Bank
Diversified Shopping Centers
East West Bank
Eastern International Bank
El Dorado Bank
Elmore Toyota
Emerson International
Espee Federal Credit Union
Ewing Development Co.
Exxon Company, U.S.A.
Fairway Ford
Fallbrook National Bank
Far East National Bank
Far West Savings and Loan
Farm Credit West
Farmers Insurance
Farmers & Merchants Bank
Fedco
First Bank and Trust
First Centennial Bank
First Commercial Bank
First Continental Bank
First General Bank
First Pacific Bank
First State Bank
First Security Bank
Fluorcarbon Co.
Ford Motor Land Development Co.
Forest Lawn Co.
Founders Financial Co.
Friedman Homes
Fullerton Savings and Loan

CLIENTS (Partial List) (Cont.):

GMAC Commercial Mortgage
General Bank
Global Cellular, Inc.
W. R. Grace Corp.
Gulf Oil Co.
Hazel Corp.
Hopkins Development Co.
Howard Hughes Corporation
Hua Man Community Bank
Hudson United Bank
Hunco Development Co.
Imperial Bank
Imperial Federal Savings
Independence Savings and Loan
Julius Realty
Kayli Foundation
Laura Scudders, Inc.
Leach Corporation
Lewis Homes
A. M. Lewis, Inc.
Lippo Bank
Long Beach Bank
Long Beach Equities, Inc.
Los Angeles National Bank
Lunnen Development Co.
Malibu Savings and Loan
Marineland
Marine National Bank
Mega Bank
Merchants Bank
Miller & Schroeder Financial
Mistui-Manufactures Bank
Mobil Land Development Co.
Municipal Services
National Building Centers
National Investor Financial, Inc.
Northland Financial Co.
Omni Bank
Overland Bank
Overland Pacific & Cutler Corp
Pacific National Bank
PaineWebber
Paragon Partners
Price Company
Price Waterhouse
Rancho Bank

Attorneys, Private Firms and Individuals

Lee Abbott, Esq., Westwood
William J. Acromite, Esq., San Juan Capistrano
Leon Alexander, Esq., Anaheim
Michael Antin, Esq., Westwood
Best, Best & Kreiger, Esq., Riverside and Irvine
C. Alexei Brenot, Esq., Glendale
Edward L. Butterworth, Pasadena
Robert W. Clemmer, Esq., Orange
E. Gene Crain, Esq., Newport Beach

Rancon Corporation
Rhoades Development Co.
Safeway Stores
St. Joseph Health System
Santa Barbara Federal Savings
Sanwa Bank
Shappell Industries
Shanghai Commercial Bank
Shell Oil Company
Siam Commercial Bank
SingerLewak CPA's
South Bay Bank
Standard Oil of California
Standard Savings Bank
Sterling Transit Co., Inc.
Sun West Bank
Systems Auto Parks, Inc.
Taiwan California Bank
Temecula Valley Bank
Thriftmart, Inc.
Tierra Financial, Inc.
Tokai Bank
Torrey Pines Bank
Traffic Control Services
Trans-National Bank
Trust Bank
Union Bank
United National Bank
United Overseas Bank
Universal Bank
University National Bank
VED Corporation
Ventura County Bank
Vineland Bank
Virginia Hardwood Company
Vista Bank
Washington National Savings Bank
Wells Fargo Bank
Western State Bank
Westin Mortgage
Westminster Nurseries
Wing Lung Bank
Woodhaven Developers

CLIENTS (Partial List) (Cont.):

E. Avery Crary, Esq., Irvine
Cooksey, Coleman & Howard, Esq., Tustin
John Culbertson, Fallbrook
Richard Devericks, Camarillo
Jan Mark Dudman, Esq., Santa Ana
Ferrari Lumber, Azusa
Steve Henry, Santa Monica
Howrey & Simon, Esq. Los Angeles
Houlihan, Lokey, Howard & Zukin, Century City
Verlyn Jensen, Esq., Newport Beach
David Kagon, Esq., Century City
Teong H. Kay, Los Angeles
Thomas King, Esq., Huntington Beach
Larry Kirschenbaum, Esq., Santa Ana
Anthony Lanza, Esq., Irvine
Dr. Robert Larner, Los Angeles
Raymond J. Larson, Tustin
Leigh, Day & Co., Esq., London, England
Lewis Brisbois Bisgaard & Smith, Los Angeles
Garfield L. Logan, Esq., San Juan Capistrano
David Lowry, Rancho California
Manning & Marder, Esq, Los Angeles
Lee Marvin, Tucson, Arizona
John D. McGuire, Esq., Santa Ana
Paul Miller, Esq., Santa Fe Springs
Minyard Morris, Esq., LLP, Newport Beach
John G. Nelson, Esq., Whittier
Nossaman, Guthner, Knox & Elliott, Esq., Irvine
Frank A. Oldmen, Esq., Costa Mesa
Michael Oldmen, Esq., Costa Mesa
Brian Ostler, Esq., Anaheim
Gerald J. Phillips, Esq., Tustin
Robert C. Politiski, Esq., Santa Ana
Denis W. Retoske, Jr., Esq., San Juan Capistrano
Sabo & Green, Esq., Calabasas and San Bernardino
Shepherd, Mullin, Richter & Hampton, Esq., Los Angeles
Shernoff, Lipsky & Blickenstaff, Esq., Claremont
Michael A. Vanic, Esq., Los Angeles
Julian R. Warner, Esq., Century City
Ronald E. Wiksell, Esq., Santa Ana
Gerold G. Williams, Esq., Newport Beach
Herbert B. Wittenberg, CPA, West Covina
Thomas L. Woodruff, Esq., Orange

QUALIFIED REAL PROPERTY EXPERT WITNESS

Kern County Superior Court
Los Angeles County Superior Court
Orange County Superior Court
Riverside County Superior Court
San Bernardino County Superior Court
San Diego County Superior Court
Ventura County Superior Court
United States District Court, Los Angeles and Orange County
Orange County Assessment Appeals Board
Private Arbitration Hearings

APPRAISAL REPORT
City of Montebello Properties
Land Only – As Individual Lots
Five Parcels of Land,
112, 114, 121, 124 & 132 South 6th Street
Montebello, Los Angeles County, CA

File Number: 10413-15





LOS ANGELES
SAN FRANCISCO
NEWPORT BEACH

David M. Rosenthal, MAI, FRICS
William H. Curtis (1955 - 2003)

Dawn Olson, MRICS
Thomas Curtis
Robert Hara
Michael Bergstrom
Thomas Meighen
Marian Peak
Yemen Fowler
Anthony Palma
Randall Blaesi, ASA

June 17, 2015

Alex Hamilton
Director of Planning and Community Development
City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640
Phone: 323-887-1386
AHamilton@cityofmontebello.com

RE: City of Montebello Properties – Land Only – As Individual Lots
Five Parcels of Land, 112, 114, 121, 124 & 132 South 6th Street
Montebello, Los Angeles County, CA

Dear Mr. Hamilton,

Per your request, we have appraised the above referenced property. Our appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP).

Our analyses and conclusions are contained in the attached appraisal report which is intended to comply with the reporting requirements set forth under USPAP Standards.

In conformance with the Scope of Work rule of USPAP, the sections below describe the Scope of Work for this assignment.

Client - The client for this assignment is Alex Hamilton, Director of Planning and Community Development, City of Montebello and the City of Montebello.

Intended User - The intended users of this report are *exclusively* the Clients stated above. There are no other authorized users of this report.

Intended Use - The intended use of this assignment is for sale/negotiation purposes.

Purpose of this Assignment - The purpose of this appraisal is to estimate the following **Fair Market Value** of the **Fee Simple Interest** in the subject property (as defined herein), as of the date of inspection (*April 30, 2015*).

The definition of **Fair Market Value** used in this assignment is from the *California Code of Civil Procedure, Section 1263.320*:

(a) The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

(b) The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable.

Effective Date of Value - The effective date of value for this assignment is April 30, 2015, based on the last date that we inspected the property.

Relevant Characteristics of the Subject Property - The property being appraised, and which is the subject of this report, is described as: Land Only – As Individual Lots – Five Parcels of Land, 112, 114, 121, 124 & 132 South 6th Street, Montebello, Los Angeles County, CA. The properties are being appraised as vacant land.

The subject property is comprised of five parcels, with a total land size of 34,670 square feet, each being effectively vacant.

The subject will be appraised for the vacant land value only, per agreement with the client, since the existing single family residential building improvements on the property at 132 South 6th Street are older, in poor condition and do not contribute to the highest and best use of the property. The cost of demolition and removal of the existing improvements will be deducted from the fair market value.

Conditions of the Assignment – The scope of our appraisal assignment included an on-site inspection of the subject property, research of general data relating to the subject locale, research of improved sales and recent rentals in the subject district, as well as research of other market-related influences impacting the subject property. These influences include achievable rent levels, absorption rates, marketing times, and current development trends. In our analysis, we gave consideration to the applicability of each of the traditional approaches to value, the *Cost, Sales Comparison, and Income* approaches. The Methodology and Data utilized in of our valuation of the subject property is detailed in the Valuation Section of this appraisal report.

There are Extraordinary Assumptions Special Limiting Conditions or Hypothetical Conditions, except as noted below. The Extraordinary Assumptions are as follows:

Extraordinary Assumptions

1. We have been advised by the client that the existing single family residential building improvements on the property at 132 South 6th Street are to be removed at an approximate cost of \$50,000. The improvements are older, in poor condition and do not contribute to the highest and best use of the property. *If this Extraordinary Assumption is found to be false, it could alter our opinions or conclusions.*
2. The site was previously developed with commercial and/or residential use. We were not provided with environmental reports. It is unknown if the property previously had underground storage tanks. No soils report has been made available to us for use in our analysis. Our on-site inspection of the subject property revealed no obvious or apparent evidence of geological conditions on the subject site. However, the appraisers are not qualified to detect significant geological or soil related nuisances. Therefore, it is an explicit assumption of this report that no detrimental geologic or soil-related conditions impact the subject property. The subject soil is assumed to be of suitable load-bearing capacity for normal commercial development. *If this Extraordinary Assumption is found to be false, it could alter our opinions or conclusions.*
3. Reportedly, the subject site may be located near an earthquake fault line. For purposes of our appraisal, we have assumed the site is suitable for normal residential development. *If this Extraordinary Assumption is found to be false, it could alter our opinions or conclusions.*

As a result of our investigation and analysis, it is our opinion that the **Fair Market Values** (as defined herein) as of the effective date of valuation, of the Fee Simple Interest in the subject property, as of the date of inspection (*April 30, 2015*) is:

Address	APN	Parcel Size (SF)	Zone	Price \$PSF	Site Area	Value	Rounded	Remove Existing SFR House	Fair Market Value
112 South 6th St.	6349-005-901	4,140	C2	\$25.00	4,140	\$103,500	\$100,000	N/A	\$100,000
114 South 6th St.	6349-005-900	12,600	C2	\$25.00	12,600	\$315,000	\$320,000	N/A	\$320,000
121 South 6th St.	6349-006-900	6,050	C2	\$25.00	6,050	\$151,250	\$150,000	N/A	\$150,000
124 South 6th St.	6349-005-902	5,940	R3	\$20.00	5,940	\$118,800	\$120,000	N/A	\$120,000
132 South 6th St.	6349-005-903	5,940	R3	\$20.00	5,940	\$118,800	\$120,000	-\$50,000	\$70,000
Total Size		34,670							

Our analyses and conclusions are based on the Scope of Work described above and the General Assumptions and Limiting Conditions that are made a part of the attached appraisal report. In particular, we note Extraordinary Assumptions 1 thru 3.

Thank you for the opportunity to have been of service in this matter. If you should require any further assistance or should you have any questions regarding the material discussed in this report, please do not hesitate to call.

Sincerely,

CURTIS-ROSENTHAL, INC.



Randall Blaesi, ASA, MRICS
rblaesi@curtisrosenthal.com
CA# AG008581

Attached: Appraisal Report

TABLE OF CONTENTS

Executive Summary	1
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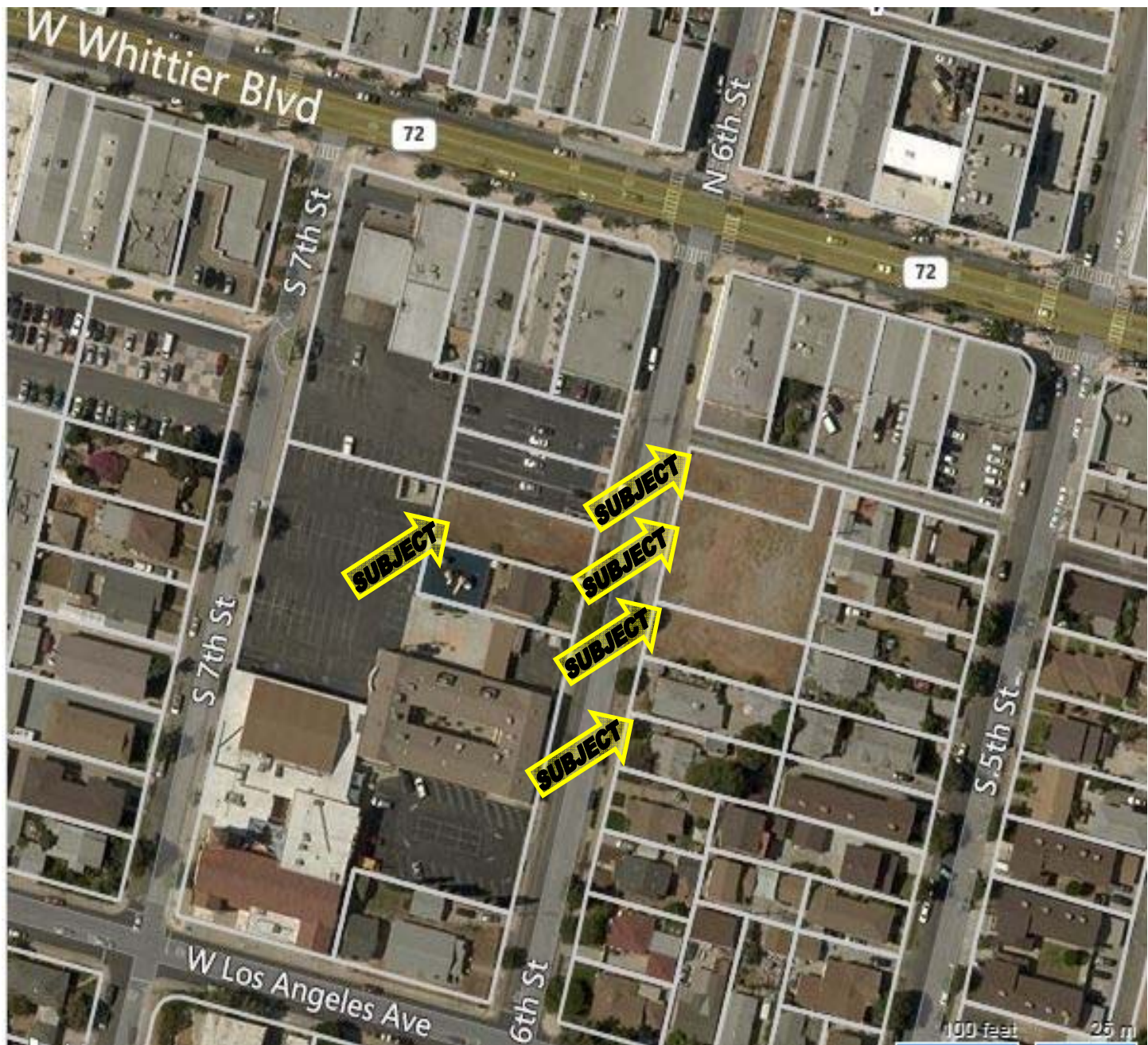
EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION:	City of Montebello Properties 112, 114, 121, 124 & 132 South 6th Street Montebello, California				
FILE NUMBER:	10353-15				
INTENDED USER:	Alex Hamilton, Director of Planning and Community Development, City of Montebello and the City of Montebello				
CENSUS TRACT	5321.01/1				
ASSESSOR PARCEL NUMBER:	6349-005-900,901,902,903;6349-006-900				
PROPERTY TYPE:	Vacant Land - Mixed Use Commercial & Residential				
LAND AREA:	<table> <tr> <td>Square Feet</td><td>34,670</td></tr> <tr> <td>Acreage</td><td>0.80</td></tr> </table>	Square Feet	34,670	Acreage	0.80
Square Feet	34,670				
Acreage	0.80				
ZONING:	C2 & R3				
HIGHEST AND BEST USE:	<table> <tr> <td>As if Vacant</td><td>Mixed use-commercial and residential use</td></tr> <tr> <td>As Improved</td><td>N/A</td></tr> </table>	As if Vacant	Mixed use-commercial and residential use	As Improved	N/A
As if Vacant	Mixed use-commercial and residential use				
As Improved	N/A				
CRITICAL DATES:	<table> <tr> <td>Date of Inspection</td><td>April 30, 2015</td></tr> <tr> <td>Current, Market Value - As Is, Fee Simple</td><td>April 30, 2015</td></tr> </table>	Date of Inspection	April 30, 2015	Current, Market Value - As Is, Fee Simple	April 30, 2015
Date of Inspection	April 30, 2015				
Current, Market Value - As Is, Fee Simple	April 30, 2015				
INTEREST APPRAISED:	Current, Market Value - As Is, Fee Simple				

OPINION OF VALUE CONCLUSIONS

Address	APN	Parcel Size (SF)	Zone	Price \$PSF	Site Area	Value	Rounded	Remove Existing SFR House	Fair Market Value
112 South 6th St.	6349-005-901	4,140	C2	\$25.00	4,140	\$103,500	\$100,000	N/A	\$100,000
114 South 6th St.	6349-005-900	12,600	C2	\$25.00	12,600	\$315,000	\$320,000	N/A	\$320,000
121 South 6th St.	6349-006-900	6,050	C2	\$25.00	6,050	\$151,250	\$150,000	N/A	\$150,000
124 South 6th St.	6349-005-902	5,940	R3	\$20.00	5,940	\$118,800	\$120,000	N/A	\$120,000
132 South 6th St.	6349-005-903	5,940	R3	\$20.00	5,940	\$118,800	\$120,000	-\$50,000	\$70,000
Total Size		34,670							

AERIAL



SITE DESCRIPTION

Location Five Parcels of Land, 112, 114, 121, 124 & 132 South Street, Montebello, Los Angeles County, CA.

Legal Description See addenda.

Assessor's Parcel Numbers

Address	APN	Parcel Size (SF)
112 South 6th Street	6349-005-901	4,140
114 South 6th Street	6349-005-900	12,600
121 South 6th Street	6349-006-900	6,050
124 South 6th Street	6349-005-902	5,940
132 South 6th Street	6349-005-903	5,940
Total Size		34,670

Shape and Size Five Parcels, Corner and Interior Sites, Total Land Size Being Approximately 34,670 square feet, or 0.80± acre. Appraised as one parcel.

Topography Generally Level, At Street Grade

Improvements Older buildings on 132 S. 6th Street; not valued per agreement with the client.

Site Coverage Ratio N/A

Access/View The subject properties are non-contiguous sites, each being a level site, Between Eighth & Ninth Avenues, on the East and West Sides of South 6th Street. Ingress/egress is available along South 6th Street (a secondary road) and the property also has frontage along an alley that runs east/west). The frontage along South 6th Street is along a residential secondary road, with no commercial exposure. However, if developed to the highest and best use, it may be combined with property to the north which allows visibility and exposure along Whittier Boulevard, both to the east and west. Freeway access to the subject property is considered average in relation to this area, with the State Route 60 freeway being located approximately 2 miles north. Access to Interstate 5 Freeway is located approximately 2.5 miles south. Interstate 605 Freeway is located approximately 2.5 miles east. Interstate 710 Freeway is located approximately 4 miles west. Downtown Montebello is located along Whittier Boulevard just to the north of the north of the subject.

Flood Zone Zone X on Flood Panel Number 060141 - 06037C1663F, dated 09/26/2008.

Zone X is an area of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods.

Utilities All necessary utilities are assumed to be available and connected, or ready to be connected to the site, including water, natural gas, electricity, sewer and telephone.

Environmental
Conditions We are not aware of any environmental/toxic contamination impacting the subject site. The subject property is assumed to be free and clear of any such contamination.

The site was previously utilized for various unknown uses. We were not provided with environmental reports. It is unknown if the property previously had underground storage tanks. No soils report has been made available to us for use in our analysis. Our on-site inspection of the subject property revealed no obvious or apparent evidence of geological conditions on the subject site. However, the appraisers are not qualified to detect significant geological or soil related nuisances. Therefore, it is an explicit assumption of this report that no detrimental geologic or soil-related conditions impact the subject property. The subject soil is assumed to be of suitable load-bearing capacity for normal commercial development. If this proves not to be the case, we reserve the right to amend our appraisal conclusions.

Reportedly, the subject site may be located near an earthquake fault line. For purposes of our appraisal, we have assumed the site is suitable for normal residential development. If this proves not to be the case, we reserve the right to amend our appraisal conclusions.

Soil Conditions

No soils report has been made available to us for use in our analysis. Our on-site inspection of the subject property revealed no obvious or apparent evidence of geological conditions on the subject site. However, the appraisers are not qualified to detect significant geological or soil related nuisances. Therefore, it is an explicit assumption of this report that no detrimental geologic or soil-related conditions impact the subject property. The subject soil is assumed to be of suitable load-bearing capacity for normal residential development.

Earthquake Hazards

Since the subject property is located in Southern California, which is known for being prone to earthquakes, there is some degree of earthquake hazard at the subject location. It is recommended that any interested party obtain a complete geological study to determine any potential hazard specifically germane to the subject locale.

Zoning

The subject is located in the C2 General Commercial zone and the R3 Multiple Family Residential zone.

Address	APN	Parcel Size (SF)	Zoning
112 South 6th Street	6349-005-901	4,140	C2
114 South 6th Street	6349-005-900	12,600	C2
121 South 6th Street	6349-006-900	6,050	C2
124 South 6th Street	6349-005-902	5,940	R3
132 South 6th Street	6349-005-903	5,940	R3
Total Size		34,670	

Uses:

The C2 General Commercial zone allows for a variety of commercial uses and the R3 Multiple Family Residential zone allows for multiple family residential uses.

We have been advised by the client that the property may be rezoned to PD - Planned Development, to allow mixed use-commercial and residential use. Based on the foregoing, the subject property could be feasible for mixed use-commercial and residential use.

Easements,
Encumbrances, and
Restrictions

We were provided with recent title reports for a portion of the subject property. Based on our physical on-site inspection of the subject property, we are not aware of any easements impacting the subject other than those imposed by local governmental and quasi-governmental agencies for common utilities, public right-of-way, etc.

We emphasize to the user of this report that our valuation analysis and stated conclusions specifically assume the subject to be free and clear of any negative easements, restrictions, and encumbrances impacting the subject site.

PLAT MAP – EAST PARCELS



IMPROVEMENTS DESCRIPTION

By prior agreement with the client, only the land will be appraised, since the older building improvements on the parcel at 132 South 6th Street do not represent the highest and best use of the property. The parcel at 132 S. 6th Street is the only parcel with improvements.

Ownership and Property History

Current Owner(s)	City of Montebello.
Date Acquired	2008-2012.
Document Type & No.	Various – Deeds.
Total Consideration	Unknown Consideration.
Seller(s)	Unknown.

The subject lots are included in a current negotiation at an unknown price. A request for documentation of this negotiation was made.

The client has not provided any documentation regarding this negotiation.

The prior transfers of the lots, as shown in public records occurred in 2008-2012.

The owner indicated there have been no other listings, escrow, or pending sales of the subject, except as included herein.

Assessed Value and Taxes

Under California Proposition 13, the real estate tax rate is limited to 1.00% of assessed value plus limited amounts for bonded indebtedness. The subject property is located within tax rate area 006330. The property is owned by the City and no property taxes are billed to the City.

Per the most current information available from the County Treasurer & Tax Collector, a summary of the current assessed value for the subject property is provided below:

APN	Tax Year	Assessed Value			Property Taxes
		Land	Improvements	Total	Total Taxes
6349-005-900	2014	\$109,326.00	\$0.00	\$109,326.00	\$0.00
6349-005-901	2014	\$44,534.00	\$0.00	\$44,534.00	\$0.00
6349-005-902	2014	\$264,977.00	\$0.00	\$264,977.00	\$0.00
6349-005-903	2014	\$23,473.00	\$0.00	\$23,473.00	\$0.00
6349-006-900	2014	\$21,874.00	\$0.00	\$21,874.00	\$0.00

Note: Since these properties are owned by the City, no taxes are due.

According to California Proposition 13, the subject property would be reassessed upon sale or other transfer of ownership, or if/when significant remodeling/new construction is completed. The new assessed value would be based on the current market value of the subject property at the time of sale or respective date of valuation (this typically corresponds with the purchase price paid for the property). We assume that all property taxes are paid current.

HIGHEST AND BEST USE

Highest and Best Use may be defined as follows:

"The reasonably, probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."¹

An analysis of highest and best use must consider a property as though vacant and as currently improved. Following is a table showing the zoning for the parcels.

Address	APN	Parcel Size (SF)	Zoning
112 South 6th Street	6349-005-901	4,140	C2
114 South 6th Street	6349-005-900	12,600	C2
121 South 6th Street	6349-006-900	6,050	C2
124 South 6th Street	6349-005-902	5,940	R3
132 South 6th Street	6349-005-903	5,940	R3
Total Size		34,670	

Analysis of Land (As-If Vacant)

The subject site consists of conforming parcels within the marketplace. All utilities are available to service the subject site. Ingress and egress to the site is considered good. The site is level at street grade, and the site drainage appears adequate. No physical impediments that would prevent the site from being developed to its highest and best use were observed. The C2 zoning allows for a variety of commercial uses and the R3 zoning allows for multiple family residential uses.

The highest and best use is to combine the parcels for a single development. The property may be rezoned to PD - Planned Development, to allow mixed use-commercial and residential use. There would be time and expense involved to rezone the property. There is no guarantee that the property can be rezoned.

If the subject were vacant, and suitable for development, it is our opinion that commercial and residential uses for the property would offer the maximally productive use. Therefore, if the subject were vacant, it is our opinion that the highest and best use would be mixed use-commercial and residential use development. *However, we have been instructed by the client to appraise the property as individual lots, prior to any rezoning.*

Analysis of Property (As Improved)

By prior agreement with the client, only the land will be appraised, since the existing building improvements do not represent the highest and best use of the property.

¹The Appraisal of Real Estate, Ibid, p. 269.

VALUATION SECTION

Typically, real estate can be valued by applying three approaches: the *Cost Approach*, the *Sales Comparison Approach*, and the *Income Approach*.

Cost Approach

This approach in appraisal analysis is based upon the proposition that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land or when relatively unique or specialized improvements are located on the site for which there exist no comparable properties on the market.

Sales Comparison Approach

This, traditionally, is an appraisal procedure in which the market value estimate is predicated upon prices paid in actual market transactions and current listings. The former fixes the lower limit of value in a static or advancing market (price-wise), and fixes the higher limit of value in a declining market. The latter fixes the high limit in any market. It is a process of analyzing sales of similar, recently sold properties in order to derive an indication of the most probable sales price of the property being appraised.

The reliability of this technique is dependent upon:

1. The availability of comparable sales data;
2. The verification of the sales data; and,
3. The degree of comparability or extent of adjustment necessary for time differences affecting the sales price.

Income Approach

This procedure in appraisal analysis converts anticipated benefits (dollar income or amenities) to be derived from the ownership of property into a value estimate. The income approach is widely applied in appraising income-producing properties. Anticipated future income and/or reversions are discounted to a present worth figure through the capitalization process.

COST APPROACH

The Cost Approach to value is based primarily on the economic principal of substitution. A cornerstone of this approach to value is the assumption that an informed buyer would not pay more for a property than the sum cost of acquiring a comparable vacant site and constructing an improvement program of similar utility.

The fundamental steps of the Cost Approach are outlined below:

1. Estimate the value of the site assumed vacant and available for development to its Highest and Best use.
2. Estimate the total reproduction or replacement costs associated with the improvement program. These costs include direct (hard) costs such as building materials and labor, as well as indirect (soft) costs such as financing charges, real estate taxes during construction, professional fees, carrying charges, etc. Reproduction costs are used when it is necessary to estimate the costs to exactly replicate a building in every detail. Typically, a replacement cost estimate is more appropriate and useful. The replacement cost estimate is based on the expense associated with developing a similar building of equal utility and function.
3. Estimate an appropriate level of entrepreneurial profit. This cost reflects the required return of the developers (distinct from contractor's profit and overhead which is incorporated as a direct cost) for assuming the time, coordination, and risk associated with project development.
4. Add together the total construction costs associated with development (i.e. - direct costs, indirect costs, and entrepreneurial profit).
5. Subtract any observed levels of depreciation impacting the subject property. Depreciation may stem from physical deterioration, functional obsolescence, or economic obsolescence. The total construction cost adjusted for accrued depreciation yields the Replacement or Reproduction Cost less Depreciation.
6. Add the total depreciated improvement value to the estimated land value to derive the value indication by the Cost Approach.

The Cost Approach was not utilized for the following reasons:

- The property is vacant land; and,
- The Sales Comparison to value is the conventional approach relied on by participants in the subject's marketplace.

It is our opinion that the Cost Approach would not provide a meaningful indication of value for the subject property and will therefore not be included as part of our analysis and final estimate of value.

SALES COMPARISON APPROACH

An extensive investigation was made in an effort to locate comparable land sales that would aid in forming an opinion of the value for the subject site. Of the sales discovered and investigated, the sales analyzed in this section are considered most pertinent to this appraisal.

LAND COMPARABLES PRIMARY SEARCH PARAMETERS	
Location	Immediate and surrounding areas
Sale Date	January 1, 2012 to present, and current listings
Property Type	Vacant or effectively vacant land sales
Methods of Analysis	
Price Per Site.	Our research in the marketplace indicated that most purchasers would analyze land sale comparables on this basis.

Comments Regarding Search for Comparable Land Sales

An extensive search was made for recent sales of vacant or effectively vacant land sales with similar characteristics as the subject within the subject's immediate area and the surrounding areas. Our search revealed several sites to compare to the subject property. In each case, the physical characteristics of these properties makes each comparable to the subject property.

ANALYSIS OF COMPARABLE LAND SALES

QUANTITATIVE METHOD

The Quantitative Appraisal Method employs numerical adjustments to compare the subject to the comparables. To apply this technique, sales or rental data on nearly identical properties are analyzed to isolate the effect of a single characteristic on value or rent. This is typically accomplished by paired sales analysis or a cost analysis. Then, it is applied to the comparable utilizing numerical adjustments.

QUALITATIVE METHOD

The Qualitative Method may be utilized for analyzing comparable sales. It is used to determine whether the characteristics of a comparable property are inferior, superior, or

similar to those of the subject property. The Qualitative Method is a relative comparison analysis, similar to paired data analysis, but quantitative adjustments are not derived. The Qualitative Method is more in line with how buyers really act, since they do not typically analyze numerical differences (in dollars or percentages) between the subject and the comparables. The typical buyer is more likely to compare property attributes on a basis of similar, superior or inferior than to calculate market-derived adjustment factors.

CONCLUSION

In this appraisal, the Qualitative Method is utilized for analyzing comparable sales.

The analysis that follows presents the data items. Subsequent to the presentation of data, further comments relating to our analysis and valuation are provided.

SUBJECT LAND

Address	APN	Parcel Size (SF)	Zoning
112 South 6th Street	6349-005-901	4,140	C2
114 South 6th Street	6349-005-900	12,600	C2
121 South 6th Street	6349-006-900	6,050	C2
124 South 6th Street	6349-005-902	5,940	R3
132 South 6th Street	6349-005-903	5,940	R3
Total Size		34,670	

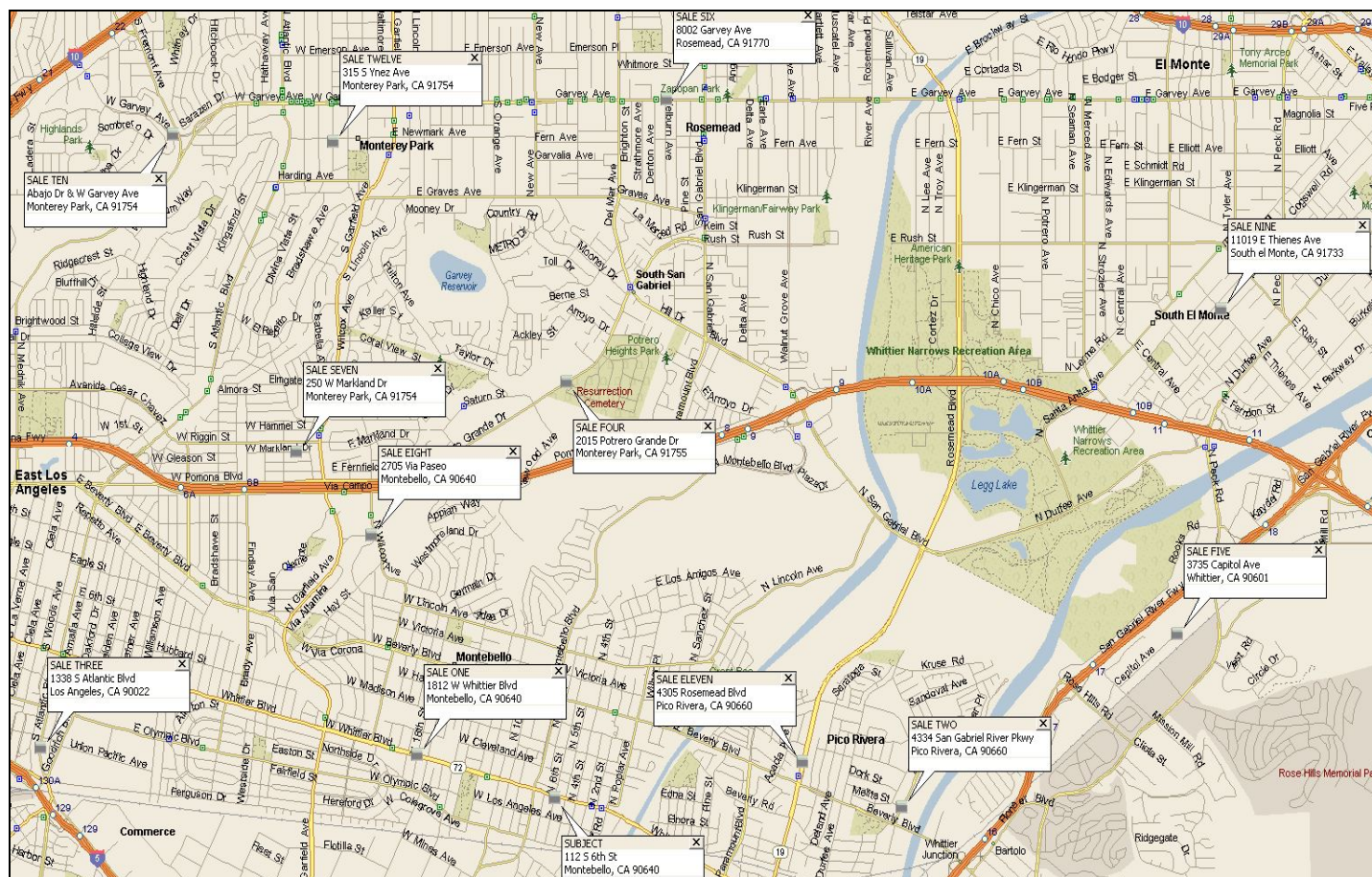
The subject lots are in an average location, with average local street access, near downtown Montebello, with good freeway access.

GENERAL COMMENTS

All of the comparable land sales represent sites in the general marketplace of the subject property. They were chosen because of their location, time of sale, size, zoning, and development potential, based on comparison to the subject site and locale.

In analyzing the market data we gave consideration to the features of comparison deemed most important in the subject market. These include rights conveyed, condition of sale, market conditions as the time of sale, location, highest and best use potential, and other factors deemed relevant.

Comparable Land Sales Map



COMMERCIAL COMPARABLE SALE SUMMARY							
SUBJECT PROPERTY		Land Sale 1	Land Sale 2	Land Sale 3	Land Sale 4	Land Sale 5	Land Sale 6
Address / Location	112, 114 & 121 South 6th St.	1812 W. Whittier Blvd.	4334 San Gabriel River Parkway	1338-1346 S. Atlantic Blvd.	2015 Portrero Grande Drive	3735 Capitol Avenue	8002 Garvey Avenue
City / State	Montebello, CA	Montebello, CA	Pico Rivera, CA	Los Angeles, CA	Monterey Park, CA	Whittier, CA	Rosemead, CA
APN	6349-005-900, 901, +6349-006-900	6344-020-013	8122-005-30 thru 38	6340-020-027	5276-018-003	8125-014-031	5284-017-002 thru 006, 008, 009, 029, 030, 031
Sale Price		\$265,000	\$7,400,000	\$515,000	\$9,480,000	\$1,750,000	\$3,420,000
Land Size (SF)	4,140 to 12,600	14,388	223,277	14,440	398,574	80,150	52,708
Price / SF		\$18.42	\$33.14	\$35.66	\$23.78	\$21.83	\$64.89
Sale Date		March-15	March-15	March-15	February-15	December-14	March-14
Sale Conditions		Investor/At Market Contamination	Owner User/At Market	Investor/At Market	Investor/At Market	Investor/At Market	Investor/At Market
Financing		Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Conventional	Conventional
Financing Comments						50% Down Payment	56.1% Down Payment
Type / Use	Commercial Use	Multi-Family Residential or Commercial Use	Parking Lot Commercial	Used Car Lot Commercial	Commercial/ Residential Mixed Use	Industrial use	Commercial Use
Access / Exposure	Average	Good	Good	Good	Good	Good	Good
Topography	Level	Level	Level	Level	Level	Level	Level
Utilities	Available	Available	Available	Available	Available	Available	Available
Comments		Located near the subject in Montebello with good frontage on W. Whittier Blvd.	Purchase was reportedly to be used as a parking lot.	Long shallow parcel with good frontage on a major traffic street.	Former nursery. Proposed use is residential and commercial mixed use.	Industrial parcel on a cul-de-sac.	Proposed Medical Clinic
Zoning	C2 - Commercial	C2 - Commercial	IG - Industrial	C3 - Commercial	C4 - Commercial	M1/M2 - Industrial	C3 - Commercial
ELEMENTS OF COMPARISON							
Sale Date		Similar	Similar	Similar	Similar	Similar	Similar
Sale Conditions		Inferior	Similar	Similar	Similar	Similar	Similar
Location		Superior	Superior	Superior	Superior	Similar	Superior
Access / Exposure		Superior	Superior	Superior	Superior	Superior	Superior
Topography		Similar	Similar	Similar	Similar	Similar	Similar
Utilities		Similar	Similar	Similar	Similar	Similar	Similar
Land Size		Similar	Inferior	Similar	Inferior	Inferior	Inferior
Type / Use		Similar	Inferior	Inferior	Similar	Inferior	Superior
Zoning		Similar	Superior	Similar	Similar	Superior	Similar
Overall		Superior	Superior	Superior	Superior	Similar	Superior

Commercial Land: Discussion of Individual Data Items

1. 1812 W. Whittier Blvd., Montebello. This is the March 2015 sale of vacant land. Located in Montebello, as is the subject. The property is located to the west of the subject on Whittier Boulevard, between 18th and 19th Streets. It is a smaller corner parcel. Reportedly, this parcel had contamination issues. This caused the sale price to be significantly below the prices of other comparable properties. This area is mostly built out, as is the subject area. The parcel is located on the north side of Whittier

Boulevard. Overall, it indicates a value less than \$18.42 per square foot of land for the subject.

2. 4334 San Gabriel River Parkway, Pico Rivera. This is the March 2015 sale of land with improvements of no value to a higher use, consisting of parking lot and older buildings, to be removed by the buyer. The buyer will redevelop the site to a new water treatment plant. Located in Pico Rivera. The property was purchased by the water replenishment district. It is an interior parcel, fronting directly onto San Gabriel River Parkway. This area is mostly built out, as is the subject area. The parcel is located on the west side of Interstate 605 freeway. Overall, it indicates a value less than \$33.14 per square foot of land for the subject.

3. 1338-1346 S. Atlantic Blvd., Los Angeles. This is the March 2015 sale of land with used car lot improvements of no value to a higher use. Located in Los Angeles. The property was purchased as an investment. It is an interior parcel, fronting directly onto S. Atlantic Blvd. This area is mostly built out, as is the subject area. The parcel is located on the north side of Interstate 5 freeway. Overall, it indicates a value less than \$35.66 per square foot of land for the subject.

4. 2015 Portrero Grande Drive, Monterey Park. This is the February 2015 sale of land with nursery of no value to a higher use. Located in Monterey Park. The property was purchased as an investment, with the intent to develop to mixed use commercial and retail uses. It is an interior parcel, fronting directly onto Portrero Grande Drive. This area is mostly built out, as is the subject area. The parcel is located on the north side of State Route 60 freeway. Overall, it indicates a value less than \$23.78 per square foot of land for the subject.

5. 3735 Capitol Avenue, Whittier. This is the December 2014 sale of vacant land. Located in Whittier. The property was purchased as an investment. It is an interior parcel, at the end of a cul-de-sac on Capitol Avenue. This area is mostly built out, as is the subject area. The parcel is located on the east side of Interstate 605 freeway. Overall, it is considered to be similar compared to the subject, indicating a value of \$21.83 per square foot of land for the subject.

6. 8002 Garvey Avenue, Rosemead. This is the March 2014 sale of vacant land, with old parking lot improvements of no value. Located in Los Angeles. The property was purchased as an investment. The buyer plans to construct a medical clinic. It is a corner parcel, with exposure on two corners/streets. This area is mostly built out, as is the subject area. The parcel is located between State Route 60 freeway and Interstate 10 freeway. Overall, it indicates a value less than \$64.89 per square foot of land for the subject.

COMMERCIAL LAND VALUE

Overall, the comparables indicate a range of approximately \$18.42 to \$64.89 per square foot. The subject generally is inferior, because of smaller individual lot sizes. After consideration of the elements of comparison in the Comparable Sale Summary table, the most similar comparables are considered to be Comparables 1, 2, 4 and 5.

All of the comparable sales are located in the San Gabriel Valley. The subject is in the lower end of the range of value, because the subject generally is inferior, due to location and smaller individual lot sizes. Smaller size individual C2 lots are limited in development potential. It is more difficult to design a feasible commercial development on a smaller site than a larger site. The demographics for the subject location are generally inferior to the comparable sales. A site value near the lower end of the range is considered to be appropriate.

Based on our analysis, it is our opinion that the unit value for the subject sites would fall within the lower end of the range, or approximately **\$18 to \$33 per square foot**.

C2 Commercial Land: \$25 per square foot

Therefore, the Fair Market Values of the subject commercial sites are estimated, as of April 30, 2015, as follows:

Address	APN	Parcel Size (SF)	Zone	Price \$PSF	Site Area	Value	Rounded	Remove Existing SFR House	Fair Market Value
112 South 6th St.	6349-005-901	4,140	C2	\$25.00	4,140	\$103,500	\$100,000	N/A	\$100,000
114 South 6th St.	6349-005-900	12,600	C2	\$25.00	12,600	\$315,000	\$320,000	N/A	\$320,000
121 South 6th St.	6349-006-900	6,050	C2	\$25.00	6,050	\$151,250	\$150,000	N/A	\$150,000

RESIDENTIAL COMPARABLE SALE SUMMARY							
SUBJECT PROPERTY		Land Sale 7	Land Sale 8	Land Sale 9	Land Sale 10	Land Sale 11	Land Sale 12
Address / Location	124 & 132 South 6th St.	250 W. Markland Drive	2705 Via Paseo	APN 8114-015-004; Adjacent-west of 11019 Thienes	APN 5234-002-029 on West Garvey Avenue	4305 Rosemead Boulevard	315 S. Ynez Avenue
City / State	Montebello, CA	Monterey Park, CA	Montebello, CA	S. El Monte, CA	Monterey Park, CA	Pico Rivera, CA	Monterey Park, CA
APN	6349-005-902 & 903	5273-019-013	5268-033-010	8114-015-004	5254-002-029	5272-017-001	5257-006-005
Sale Price		\$287,500	\$285,000	\$300,000	\$75,000	\$145,000	\$390,000
Land Size (SF)	2 Parcels: 5,940 Each	8,524	9,452	13,505	35,171	5,523	8,832
Price / SF		\$33.73	\$30.15	\$22.21	\$2.13	\$26.25	\$44.16
Sale Date		November-14	January-14	November-13	August-13	June-13	August-12
Sale Conditions		At Market / REO	At Market	At Market	At Market	At Market	At Market
Financing		Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Financing Comments							
Type / Use	Residential Use	Single-Family Residential	3 unit multiple family residential	Single-Family Residential	Multiple family residential	Multiple family residential	Multiple family residential
View	Average	Average	Good	Average	Average	Average	Average
Topography	Level	Level	Level Bldg. Pad	Level	Slope	Level	Level
Utilities	Available	Available	Available	Available	Available	Available	Available
Comments		Lot for development of single family residential use	Lot for development of 3 unit multiple family residential use	Lot for development of single family residential use	Upward slope from street. Lot for development of multiple family residential use	Lot for development of 2 unit multiple family residential use	Lot for development of multiple family residential use
Zoning	R3 - Residential	R1 - Residential	R3 - Residential	R1 - Residential	R3 - Residential	R2 - Residential	R3 - Residential
ELEMENTS OF COMPARISON							
Sale Date		Similar	Similar	Similar	Similar	Similar	Similar
Sale Conditions		Similar	Similar	Similar	Similar	Similar	Similar
Location		Very Superior	Superior	Superior	Very Superior	Superior	Very Superior
View		Similar	Superior	Similar	Similar	Similar	Similar
Topography		Similar	Similar	Similar	Inferior	Similar	Similar
Utilities		Similar	Similar	Similar	Similar	Similar	Similar
Land Size		Similar	Similar	Similar	Inferior	Similar	Similar
Type / Use		Inferior	Similar	Inferior	Similar	Inferior	Similar
Zoning		Inferior	Similar	Inferior	Similar	Inferior	Similar
Overall		Superior	Superior	Inferior	Inferior	Inferior	Superior

Residential Land: Discussion of Individual Data Items

7. 250 W. Markland Drive, Monterey Park. This is the November 2014 sale of vacant land. Located in Monterey Park. The property is located in a residential area. This area is mostly built out, as is the subject area. The parcel is zoned R1, Single Family Residential. Overall, it indicates a value less than \$33.73 per square foot of land for the subject.

8. 2705 Via Paseo, Montebello. This is the January 2014 sale of vacant land. The buyer will redevelop the site to a new water treatment plant. Located in Montebello, as is the subject. This area is mostly built out, as is the subject area. The parcel is zoned R3, Multiple Family Residential. Overall, it indicates a value less than \$30.15 per square foot of land for the subject.

9. APN 8114-015-004; Adjacent to the west of 11019 Thienes Avenue, South El Monte. This is the November 2013 sale of vacant land. Located in Monterey Park. The property is located in a residential area. This area is mostly built out, as is the subject area. The parcel is zoned R1, Single Family Residential. Overall, it indicates a value more than \$22.21 per square foot of land for the subject.

10. APN 5234-002-029 on West Garvey Avenue, Monterey Park. This is the August 2013 sale of vacant land. Located in Monterey Park. The property is located on a major thoroughfare. This area is mostly built out, as is the subject area. The parcel is zoned R3, Multiple Family Residential. Overall, it indicates a value more than \$2.13 per square foot of land for the subject.

11. 4305 Rosemead Boulevard, Pico Rivera. This is the June 2013 sale of vacant land. Located in Pico Rivera. The property is located on a major thoroughfare. This area is mostly built out, as is the subject area. The parcel is zoned R2, Multiple Family Residential. Overall, it indicates a value more than \$26.25 per square foot of land for the subject.

12. 315 S. Ynez Avenue, Monterey Park. This is the August 2012 sale of vacant land. Located in Monterey Park. The property is located in a residential area. This area is mostly built out, as is the subject area. The parcel is zoned R3, Multiple Family Residential. Overall, it indicates a value less than \$44.16 per square foot of land for the subject.

RESIDENTIAL LAND VALUE

Overall, the comparables indicate a range of approximately \$2.13 to \$44.16 per square foot. The subject generally is inferior, because of smaller individual lot sizes. After consideration of the elements of comparison in the Comparable Sale Summary table, the most similar comparables are considered to be Comparables 8, 9, 10 and 11.

All of the comparable sales are located in the San Gabriel Valley. The subject is in the lower end of the range of value, because the subject generally is inferior, due to location and smaller individual lot sizes. Smaller size individual R3 lots are limited in development potential. It is more difficult to design a feasible commercial development on a smaller site than a larger site. The demographics for the subject location are generally inferior to the comparable sales. A site value near the lower end of the range is considered to be appropriate.

Based on our analysis, it is our opinion that the unit value for the subject sites would fall within the lower end of the range, or approximately **\$15 to \$25 per square foot**.

R3 Residential Land: \$20 per square foot

Therefore, the Fair Market Values of the subject residential sites are estimated, as of April 30, 2015, as follows:

Address	APN	Parcel Size (SF)	Zone	Price \$PSF	Site Area	Value	Rounded	Remove Existing SFR House	Fair Market Value
124 South 6th St.	6349-005-902	5,940	R3	\$20.00	5,940	\$118,800	\$120,000	N/A	\$120,000
132 South 6th St.	6349-005-903	5,940	R3	\$20.00	5,940	\$118,800	\$120,000	-\$50,000	\$70,000

INCOME APPROACH ANALYSIS

The Income Capitalization Approach considers the subject's income potential. The two primary methods to measure the present value of an income stream are direct capitalization and discounted cash flow.

We are valuing land, therefore the Income Capitalization Approach is not considered to be appropriate. The most typical method buyers and sellers of land use to estimate value is the Sales Comparison Approach.

RECONCILIATION AND ESTIMATE OF FAIR MARKET VALUE
Land Value Only

The three approaches to value were considered in our analysis of the **Fee Simple Interest** in the **Subject Property**.

The Cost Approach is considered to be a strong indicator of value when a property has recently constructed buildings, particularly when there is an availability of current construction costs. It is particularly enhanced when there is strong and comparable land sale data that would lead to an accurate calculation of the underlying site value. This approach is weakened, as a building grows older because of the difficulty in accurately measuring physical depreciation. The Cost Approach can serve as a check for the other two approaches in order to assure the reasonableness of the Sales Comparison and Income Approaches.

The Cost approach was not utilized for the following reasons:

- The Sales Comparison is the conventional approach relied upon by participants in the subject marketplace for vacant land.
- The subject is being valued as if vacant. The Cost Approach is best applied to improved properties, where the improvements represent the highest and best use of the property.

It is our opinion that the Cost Approach would not provide a meaningful indication of value for the subject property and will therefore not be included as part of our analysis and final estimate of value.

The Sales Comparison Approach can be a strong indicator of value when there are a significant number of sale properties that are similar to the subject in physical, functional, and locational characteristics. This approach is strong when the volume and nature of the available market data is sufficient for purposes of direct comparison. The sales that were considered in this approach reflected properties with several qualities similar to the subject.

Based on the analysis of the comparable sales, there is sufficient data available. The Sales Comparison Approach is the approach utilized to determine the value estimate for the subject property.

The Income Approach considers the future expectations of investors for properties typically sold as investments. It considers direct market activity via the selection of a market derived overall capitalization rate. It also evaluates current interest rate conditions through the fundamentally constructed overall capitalization rate. This approach is appropriate when there is an adequate amount of rental comparables from which to draw conclusions pertinent to the subject, as well as market related OAR and yield information. The subject is vacant land. Typically, in this market, vacant land rentals do not occur for properties similar to the subject. The most typical method buyers and sellers of land use to estimate vacant land value is the Sales Comparison Approach. Therefore, the Income Approach is not considered appropriate.

Therefore, the based on the preceding data and discussion, together with our best judgment and experience, we estimate the **Fair Market Value, As Is, Land Only**, of the subject property and as defined herein, of the **Fee Simple Estate** in the subject property, as of the date of valuation, is:

Address	APN	Parcel Size (SF)	Zone	Price \$PSF	Site Area	Value	Rounded	Remove Existing SFR House	Fair Market Value
112 South 6th St.	6349-005-901	4,140	C2	\$25.00	4,140	\$103,500	\$100,000	N/A	\$100,000
114 South 6th St.	6349-005-900	12,600	C2	\$25.00	12,600	\$315,000	\$320,000	N/A	\$320,000
121 South 6th St.	6349-006-900	6,050	C2	\$25.00	6,050	\$151,250	\$150,000	N/A	\$150,000
124 South 6th St.	6349-005-902	5,940	R3	\$20.00	5,940	\$118,800	\$120,000	N/A	\$120,000
132 South 6th St.	6349-005-903	5,940	R3	\$20.00	5,940	\$118,800	\$120,000	-\$50,000	\$70,000
	Total Size	34,670							

EXPOSURE TIME ESTIMATION

Exposure Time²

- "1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have to have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."*

According to market participants, the exposure time for the subject property should be between 6-12 months, if the property is priced correctly. According to our Sales Comparables, the exposure time ranged from approximately 6 to 19 months.

In our opinion, the exposure time for the subject property should be approximately 6-12 months, if the property is priced correctly.

EXPOSURE TIME

SALE	DAYS ON MARKET	MONTHS
1	179	6
2	N/A	N/A
3	189	6
4	273	9
5	89	3
6	220	7

² The Dictionary of Real Estate Appraisal, Fifth Edition, page 73.

CERTIFICATION

We certify that to the best of our knowledge and belief:

The statements of fact contained in this report are true and correct.

The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.

We have performed no services, as an appraiser or in any other capacity, regarding the subject of this report within the three-year period immediately preceding acceptance of this assignment.

We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

Randall Blaesi has made a personal inspection of the property that is the subject of this report.

Randall Blaesi has performed the selection of comparable properties, collection and verification of data, and final analysis and conclusion of value. Other than those mentioned, no one provided significant real property appraisal assistance to the person(s) signing this certification.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute and the American Society of Appraisers relating to review by its duly authorized representatives.

The appraiser(s) have ample experience with the subject property type, as well as the subject market place, and possess the requisite knowledge to perform this appraisal assignment competently.

Respectfully submitted,
CURTIS-ROSENTHAL, INC.



Randall Blaesi, ASA, MRICS
CA# AG008581

ADDENDA

Definitions

General Assumptions and Limiting Conditions

Appraiser Qualifications

Partial List of Clients

Photographs

DEFINITIONS³

1. The definition of **Fair Market Value** used in this assignment is from the *California Code of Civil Procedure, Section 1263.320*:

(a) The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

(b) The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable.

2. Fee Simple Estate – “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

3. Leased Fee Estate – “A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).”

4. Market Rent - "The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs)."

³ Definitions 2-10 are from The Dictionary of Real Estate Appraisal, 5th Edition, published by the Appraisal Institute, 2010

5. **“As-Is” Market Value** – “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.”

6. **Market Value “As-If Completed”** is based on the general Market Value definition noted above, but assumes that the improvements are complete as of the date of valuation, in accordance with the plans and specifications provided.

7. **Market Value “As-If Stabilized”** is the value of the property upon reaching a level of long-term occupancy.

8. **Hypothetical Condition** – “That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external, to the property, such as market conditions or trends, or about the integrity of data used in an analysis.”

9. **Aggregate of Retail Values (ARV)** – The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent an opinion of value, it is simply the total of market value conclusions.’

10. **Bulk Value** – “The value of multiple units, subdivided lots, or properties in a portfolio as though sold to a single buyer in one transaction.”

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following **general assumptions**:

- 1) No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- 2) The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- 3) Responsible ownership and competent property management are assumed.
- 4) The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
- 5) All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
- 6) It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
- 7) It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
- 8) It is assumed that there is compliance with all applicable zoning and use regulations and restrictions, unless nonconformity has been stated, defined, and considered in the appraisal report.
- 9) It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- 10) It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

This appraisal report has been made with the following **general limiting conditions**:

- 1) The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal, and are invalid if so used.
- 2) Possession of this report, or a copy thereof, does not carry with it the right of publication.
- 3) The appraisers, by reason of this appraisal, are not required to give further consultation, testimony, or be in attendance in court with reference to the property in question, unless arrangements have been previously made.
- 4) Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which the appraisers are connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
- 5) Any value estimates provided in the report apply to the entire property, and any pro-ratio or division of the total into fractional interests will invalidate the value estimate, unless such pro-ratio or division of interests has been set forth in the report.
- 6) The appraisers assume that the reader or user of this report has been provided with copies of available building plans and all leases and amendments, if any, encumbering the property.
- 7) No survey was furnished so the appraisers relied on the assessor's plat map to ascertain the physical dimensions and acreage of the subject property. Should a survey prove these characteristics inaccurate, it may be necessary for this appraisal to be adjusted.
- 8) The forecasts, projections, or operating estimates contained herein are based upon current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes in future conditions.
- 9) Complete building plans and specifications were not available for use in the preparation of this appraisal. The analysis, therefore, is subject to review of the final plans and specifications when available.
- 10) Any proposed improvements are assumed to have been completed unless otherwise stipulated. Any construction is assumed to conform to the building plans referenced in the report.

- 11) Since earthquakes are not uncommon in the area, no responsibility is assumed due to their possible effect on individual properties, unless detailed geologic reports are made available.
- 12) No termite inspection report was available. The appraisers personally inspected the subject property and found no significant evidence of termite damage or infestation. No guarantee that none exists, however, should be construed.
- 13) No consideration has been given in this appraisal as to the value of the property considered by the appraisers to be personal, located on the premises, or the cost of moving/relocating such personal property. Only the real estate has been considered.
- 14) In this appraisal assignment, the existence of potentially hazardous materials used in the construction or maintenance of the building, such as the presence of asbestos or urea formaldehyde foam insulation, and/or the existence of toxic waste, which may or may not be present on the property, has not been considered. The appraisers not qualified to detect such substances. We urge the client to retain an expert in the field, if desired.
- 15) Unless otherwise stated, no responsibility is assumed for any damages sustained in connection with actual or potential deficiencies or hazards such as, but not limited to, inadequacies or defects in the structure, design, mechanical equipment or utility services associated with the improvements, air or water pollution, lead paint, noise, flooding, storms or wind, traffic and other neighborhood hazards, radon gas, asbestos, natural or artificial radiation, or hazardous materials or toxic substances of any description, whether on or off the property appraised. The appraisers are not qualified to detect hazardous waste or materials on, in or under the land or the improvements. Such a determination requires the investigation of a qualified expert in hazardous materials and assessment. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of asbestos or urea formaldehyde foam insulation, and/or existence of toxic waste, which may or may not be present on the property, has not been considered. The appraisers are not qualified to detect such substances. We urge the client to retain an expert in this field, if desired.

- 16) The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the subject property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost-to-cure the property's potential physical characteristics, the real estate appraiser cannot comment on compliance with ADA. A brief summary of the subject's physical aspects is included in this report. It in no way suggests ADA compliance by the current owner. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost-to cure any deficiencies would be needed for the Department of Justice to determine compliance.
- 17) The appraisers made no engineering survey of the subject property. Except as specifically stated, data relative to size and area has been taken from sources considered reliable, but no guarantee of accuracy is expressed or implied. Interested parties should retain a surveyor or other qualified professional for exact measurements of the subject property.
- 18) No historical operating statements were provided to the appraisers. Therefore, for the purposes of this analysis, the projected operating expenses for the subject property are based on the expense characteristics of properties similar to the subject property. We assume that the expenses estimated in our Pro Forma operating expense statement are representative of actual expenses that the subject will incur. If any future data reveals that our operating expense estimates differ greatly from the actual operating expenses for the subject, then we reserve the right to revise our analyses and conclusions.

SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS

*The applicability of any **Special Assumptions, Special Limiting Conditions, Extraordinary Assumptions** or **Hypothetical Conditions** is addressed in the **Scope of Work** section of this report.*

PROFESSIONAL DESIGNATIONS

American Society of Appraisers

ASA Member, Accredited Senior Appraiser – Real Property (ASA No. 2912)

American Society of Appraisers

The Royal Institution of Chartered Surveyors

Professional Member (MRICS No. 6559992)

Appraisal Institute

Practicing Affiliate, Appraisal Institute (Member No.111508)

Member of the Leadership Development & Advisory Council

International Right of Way Association

International Right of Way Association, SR/WA Candidate
(Member No. 2720356)

State of California, Office of Real Estate Appraisers

Certified General Real Estate Appraiser (No. AG008581)

State of Arizona, Board of Appraisal

Certified General Real Estate Appraiser (No. 31923)

State of Oregon, Appraiser Certification and Licensure Board

Certified General Real Estate Appraiser (No. C00120)

EDUCATION

Law School, 1974

First Year Law School, Mc George School of Law, University of the Pacific,
Sacramento, California

Courses: Contracts, Torts, Criminal Law and Agency

Bachelor of Arts Degree, 1971

Santa Clara University, Santa Clara, California

Major in Economics

EXPERIENCE

CURTIS - ROSENTHAL, Inc., 2014 to present – Senior Appraiser and Litigation Consultant. Curtis – Rosenthal, Inc., is a regional commercial real estate appraisal and consulting firm. Perform field appraisals and review appraisals for: Commercial Mortgage Lenders (Banks, Life Insurance Companies, CMBS, Pension Funds), Public Agencies (City Governments, Transit Agencies), Law Firms (Real Estate Litigation, Estate and Trust, Eminent Domain, Inverse Condemnation), Corporations (Valuation for Financial Reporting), and Accounting Firms. Properties appraised include: retail, office, industrial, apartments, condominiums, mixed-use, special purpose, and vacant land. Areas of experience include southern and northern California, Arizona and Nevada.

Mr. Blaesi was formerly Commercial Division Manager for the Los Angeles Office of The Property Sciences Group, Inc.

Prior to that position, he was a Vice President and Senior Appraiser associated with Grubb & Ellis Landauer, LLC. Prior to that, he was a Senior Consultant in the Los Angeles office of Valuation & Information Group.

Mr. Blaesi previously was a Senior Appraiser with Integra Realty Resources, Los Angeles and was a Senior Appraiser in the Pasadena office of First American Commercial Real Estate Services.

Independent fee appraiser with offices in Sacramento and San Diego, California 1991-2006. Appraisal and Valuation Consulting services regarding various types of real property including commercial, industrial, residential, agricultural, recreational, special purpose, easements, eminent domain, partial and full acquisition, environmental mitigation land, construction defect, fire, flood and earthquake damaged properties. Expert witness testimony in civil litigation, bankruptcy and tax court proceedings. Appraisal review and management. Business Valuation.

Real Estate Appraiser and Valuation Consultant with Frank Blaesi, MAI, SREA, SR/WA 1972-1991. Appraisal and Valuation Consulting services regarding various types of real property including commercial, industrial, residential, agricultural, recreational, special purpose, easements, eminent domain, partial and full acquisition, environmental mitigation land, construction defect, fire and flood damaged properties. Expert witness testimony in civil litigation proceedings.

EXPERT WITNESS

Accepted as an expert witness in the following courts:

Federal Bankruptcy Court - California Northern and Southern Districts
Superior Court - Los Angeles, San Diego, Sacramento, Stanislaus, San
Joaquin, Placer and Nevada counties, California

Accepted as an expert witness in the following venue:

County Assessment Boards of Appeal – Los Angeles, Sacramento and
San Diego Counties, California

INSTRUCTOR

California State University, Sacramento, 1985

Introduction to Real Estate Appraisal - Guest Lecturer

PROFESSIONAL AFFILIATIONS

Society of Real Estate Appraisers, 1972-1991 (merged with the Appraisal Institute in
1991)

Appraisal Institute, 1991-present

American Society of Appraisers, 1982-present

International Right of Way Association, 1972-present

The Royal Institution of Chartered Surveyors, 2015-present

SPEAKING ENGAGEMENTS

Society of Real Estate Appraisers

Appraisal Institute

International Right of Way Association

American Society of Appraisers

PARTIAL LIST OF CLIENTS SERVED

COMMERCIAL BANKS

Americas United Bank
Banco Popular
Bank of America
Bank of Manhattan
Bank of Hemet
Bank of the West
Bank One Arizona
Beach Business Bank
Builders Bank
California Business Bank
Capital One Bank
Eagle Group Finance, LP
Centennial Bank
Citigroup
City National Bank
Eastern International Bank
EverTrust Bank
Farmers and Merchants Bank
FDIC
First Commerce Bank
First Foundation Bank
First National Bank of Northern California
Greater Bay Bancorp
Hanmi Bank
JP Morgan Chase Bank
Key Bank
Korea Exchange Bank
LaJolla Bank
Macquarie Bank
Marshall & Isley Bank
Mellon First Business Bank
Mercantile National Bank
MidFirst Bank
NARA Bank
Northern Trust Bank
Pacific Capital Bank
Pacific Commerce Bank
Pacific Mercantile Bank
Pacific Premier Bank
Pacific Western Bank
Philippine National Bank
Provident Bank
Royal Business Bank
Silvergate Bank
Sunwest Bank
US Bancorp
Wedbush Bank
Wells Fargo Bank
Wilshire State Bank
Zions Bank

CREDIT UNIONS

Altura Credit Union
Business Partners, LLC
California Coast Credit Union
California Credit Union
Orange County's Credit Union
Premier America Credit Union
Telesis Community Credit Union

INSURANCE COMPANIES

AEGON USA
Allianz Life Insurance Company
Allstate Investments, LLC
American Equity Investment Life Insurance Co.
American National Insurance Company
American United Life Insurance Company
Chubb Group of Insurance Companies
Columbian Mutual Life Insurance Company
Genworth Financial
Golden State Mutual Life
Great West Life Insurance Company
Hartford Insurance Company
Home Life Insurance Company
IDS Life Insurance Company
ING Life Insurance Company
John Hancock Real Estate Finance
Kansas City Life Insurance Company
Lafayette Life Insurance Company
MetLife Capital Financial Corporation
Principal Global Investors
Protective Life Insurance Company
Prudential Mortgage Capital
Riversource
Southern Farm Bureau Life Insurance
Stancorp Mortgage Investors, LLC
State Farm Insurance Company
Sun Life Insurance Company
SunAmerica Insurance Company
Symetra Financial
Thrivent Financial for Lutherans
Union Central Life Insurance Company
Union Labor Life Insurance Company
United Olympic Life Insurance Company

PARTIAL LIST OF CLIENTS SERVED

COMMERCIAL MORTGAGE BANKERS/ BROKERS

Alison Mortgage Company
Amherst Real Estate Capital
Arroyo and Coates Financial Group
Balboa Financial
Barry S. Slatt Mortgage Company
Berkadia Commercial Mortgage
Bond Street Capital
Buchanan Street Partners
Burnham Capital Markets
Churchill Mortgage Corporation
Cohen Financial
Dwyer-Curlett, Inc.
George Elkins Mortgage Banking
George Smith Partners, Inc.
Highland Realty Capital, Inc.
Holiday Fenoglio Fowler, LP
iCap Realty Advisors
Johnson Capital
Koss Financial Corporation
LJ Melody Company
Love Funding Corporation
Marcus and Millichap Capital Corporation
Mason McDuffie Financial Corporation
Meridian Capital Group, Inc.
Newmark Realty Capital, Inc.
NorthMarq Capital, Inc.
Pacific Southwest Realty Services
Partners Realty Capital, LLC
Pathfinder Mortgage Corporation
Sunrise Mortgage & Investment Company
Terrix Financial Corporation

MULTI-FAMILY LENDERS

ABN/AMRO Apartment Lending
Ameriprise Financial
Amerisphere Multi-Family Finance
Arbor National Mortgage
Beech Street Capital
CW Capital
Deutsche Bank Mortgage Capital
Mark One Capital, Inc.
PNC/ARCS Commercial Mortgage
Prudential Huntoon Paige
Walker & Dunlop

PENSION FUNDS / ADVISORS

American Realty Advisors
CALPERS
California State Teachers Retirement System
Construction Laborers Pension Trust
Emerson International
Equitable Real Estate Investment Mgt., Inc.
Essex Property Trust
Guggenheim Trust Company, LLC
Heitman/JMB Institutional Realty Advisors
J.P. Morgan Investment Management
Lucent Asset Management Corp.
Olympic Realty Advisors
Principal Real Estate Investors
Standard Management Company

CMBS SPECIAL SERVICERS

Midland Loan Services
Helios AMC, LLC
Berkadia Commercial Mortgage
TriMont Real Estate Advisors

CMBS LENDERS

Barclays Capital Real Estate, Inc.
Bridger Commercial Funding
CIBC World Markets Corp.
Column Financial
Credit Suisse First Boston Corporation
CW Capital
Deutsche Banc Mortgage Capital
JP Morgan Mortgage Capital
Key Commercial Mortgage
Morgan Stanley
Natixis Real Estate Capital, Inc.
Nomura Securities, Inc.
ORIX Capital Markets, LLC
RBS Greenwich Capital
UBS Securities, LLC

PARTIAL LIST OF CLIENTS SERVED

PUBLIC AGENCIES

California Housing Finance Association
Carson Redevelopment Agency
City of Inglewood
City of Los Angeles
City of Palos Verdes
City of Pasadena
City of San Luis Obispo, Housing Authority
City of San Mateo
City of Santa Monica
City of Whittier
Compton Unified School District
Consulate General of Poland
County of San Mateo
Inglewood Redevelopment Agency
Inglewood Unified School District
Los Angeles Community College District
Los Angeles Housing Department
Los Angeles Unified School District
Los Angeles World Airports (LAWA)
Metropolitan Transit Authority (MTA)
Mountains Recreation & Conservation Authority
Newport Harbor Nautical Museum
Oakland Community Housing, Inc.
Philippine Consulate
Rosamond Community Services District
San Fernando Valley Economic Development Corp.
Santa Monica College
Santa Monica-Malibu Unified School District
Simi Valley Unified School District
The Port of Long Beach
The Port of Los Angeles
US Postal Service

CORPORATIONS

Alta Hospital System
ATT Wireless Services, Inc.
Best California Gas Co.
Bridgestone Retail Operations
Brotman Hospital
California Sports, Inc.
Chevron Oil Company
Getty Oil Company
Los Angeles Orthopedic Hospital Foundation
Mercury Air Cargo, Inc.
Mobil Oil Corporation
Neiman-Marcus Group, Inc.
Pandemic Studios
Rite Aid Corporation
Safeway Corporation
Salvation Army
Santa Monica Home Owners Corporation
Thrifty Oil Company
Wal-Mart Stores, Inc.

Whirlpool Financial Corporation

DEVELOPERS

Athena Group, LLC
California Landmark Development
Catellus Development Corporation
Champion Real Estate Services
Cloverfield Group
Combined Properties
Daiwa House Corporation
First City
Goldrich and Kest Industries
Haseko, Inc.
HB Drollinger Company
Held Properties, Inc.
Koar Development Group, LLC
O&S Holdings
Regency Centers
Roberts Companies
Soboroff Partners
Trammel Crowe

ATTORNEYS

Allen Matkins Leck Gamble Mallory & Natsis
Arter & Hadden
Bird, Marella
Booth, Mitchel & Strange, LLP
Brownstein, Hyatt, Farber, Schreck, LLP
Bryan Cave
Burhenn & Gest, LLP
Cadden & Fuller, LLP
Charlston, Revich, & Williams
Chrystie and Berle
Coudert Brothers, LLP
Cox, Castle, & Nicholson
DeCastrow, West, Chodorow, Glickfield & Nass
Engstrom, Lipscomb and Lack
Frandzel and Share
Gianelli and Morris
Gibson, Dunn and Crutcher, LLP
Goodson and Wachtel
Greenberg, Glusker, Fields, Claman and Machtinger
Greenberg Traurig
Haight, Brown, & Bonesteel
Hoffman, Saban and Watanmaker
Holt Ney Zatcoff & Wasserman, LLP
Inman, Weisz, & Steinberg
Jeffer, Mangels, Butler, & Marmaro
K&L Gates, LLP

PARTIAL LIST OF CLIENTS SERVED

ATTORNEYS

Kane, Ballmer & Berkman
Katten, Muchin, Zavis and Weitzman
King, Holmes, Paterno & Berliner, LLP
Levin & Seligman
Levinson & Lieberman
Loeb and Loeb
Manatt, Phelps, Phillips, & Kanter
Luce, Forward, Hamilton & Scripps LLP
Manatt, Phelps & Phillips, LLP
Marlin and Saltzman
McDermott, Will & Emery
McGuire Woods
McNicholas & McNicholas, LLP
Mindlin and Tigerman
Mitchell, Silberberg, & Knupp
Morris, Polich and Purdy, LLP
Munger, Tolles, & Olson
Murchison & Cumming
Musick, Peeler & Garrett, LLP
Nixon Peabody, LLP
O'Melvany and Meyers
Orbach, Huff & Suarez, LLP
Pillsbury, Madison, and Sutro
Pircher, Nichols, and Meeks
Resch, Polster, Alpert and Berger
Robinson, Diamant, & Brill
Rodi, Pollock, Pettker, Christian & Pramov
Rucker and Clarkson
Shapiro, Poesell, & Close
Shiotani & Inouye
Sidley and Austin
Smith and Hilbig
Thomashow, Brown and Paiallii, LLP
Tilem and Gole
Troy and Gould
Weinstock, Manion, Reisman, Shore & Neum
White & Case
Wolf, Rifkin, Shapiro & Shulman
Youngerman and McNutt, LLP

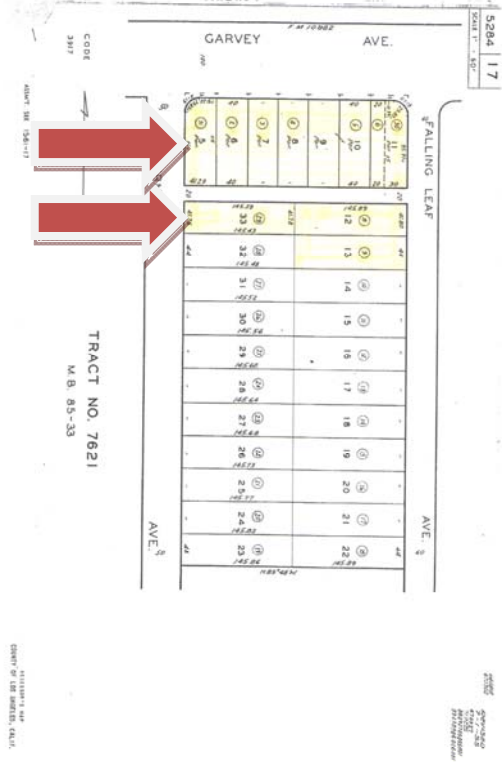
MAPS OF LAND COMPARABLES



SALE 1



SALE 2





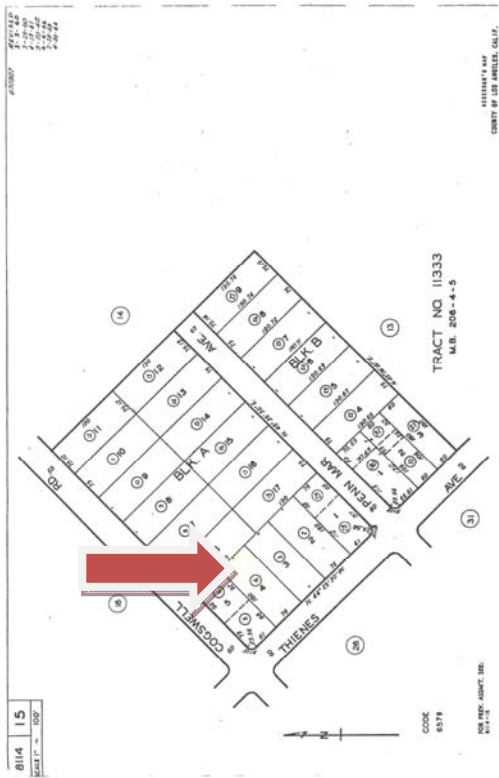
CODE 9384
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 TRACT NO. 9902 M.B. 187-5-10
 ASSUMPTION MAP
 COUNTY OF LOS ANGELES, CALIF.

SALE 7

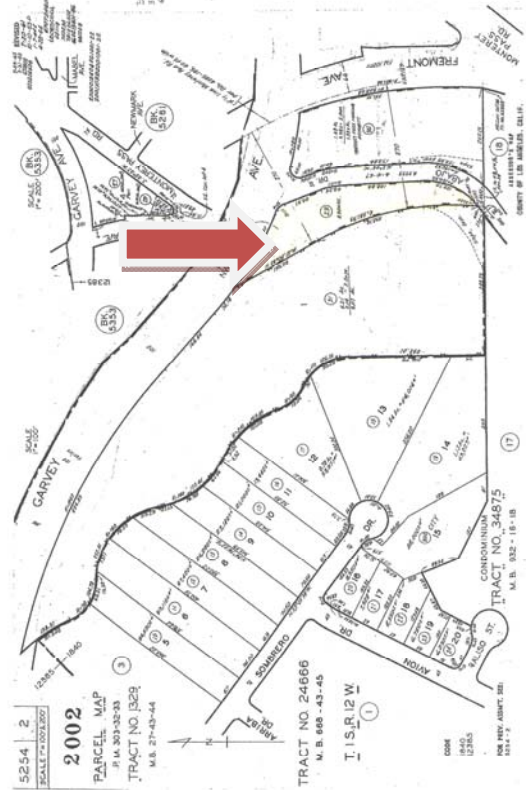


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 M.B. 658-59-61
 ASSUMPTION MAP
 COUNTY OF LOS ANGELES, CALIF.

SALE 8



SALE 9



SALE 10

RECEIVED
COUNTY OF LOS ANGELES
REGISTERED
PROPERTY

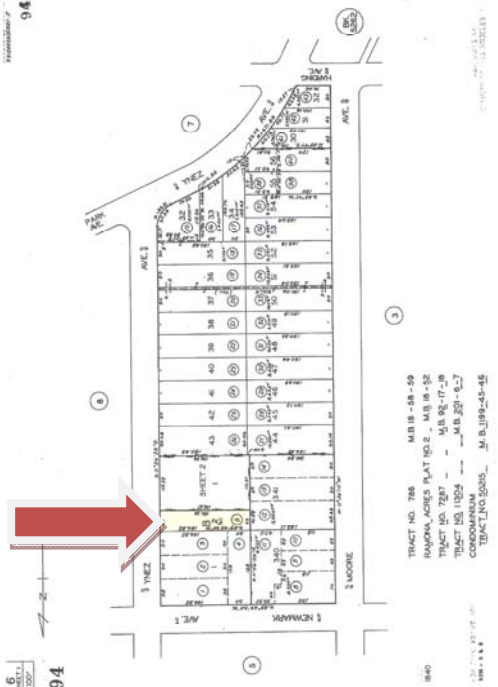
5272 | 17 | SCALE 1" = 40' | 1993 | DATE OF MAP | 1993 | DATE OF RECORD



SALE 11

RECEIVED
COUNTY OF LOS ANGELES
REGISTERED
PROPERTY

5257 | 6 | SCALE 1" = 40' | 1994 | DATE OF MAP | 1994 | DATE OF RECORD



SALE 12

SUBJECT PHOTOGRAPHS



FRONT VIEW-LOOKING NE.



FRONT VIEW-LOOKING SE.

SUBJECT PHOTOGRAPHS



FRONT VIEW-121 S. 6TH STREET.



FRONT VIEW-132 S. 6TH STREET.

SUBJECT PHOTOGRAPHS



ALLEY ALONG NORTH SIDE-LOOKING EAST



LOOKING NORTH FROM ALLEY TOWARD WHITTIER BLVD.

SUBJECT PHOTOGRAPHS



LOOKING SOUTH ALONG S. 6TH STREET



LOOKING NORTH ALONG S. 6TH STREET